

**CITY OF RIO RANCHO, NEW MEXICO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Issued by:  
Department of Financial Services

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# CITY OF RIO RANCHO, NEW MEXICO

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## **INTRODUCTORY SECTION**

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## City of Vision

Department of Financial Services

October 31, 2008

Honorable Mayor, Members of the City Council  
And Citizens of the City of Rio Rancho

The Audit Act, NMSA 1978, Section 12-6-12, mandates that cities are required to undergo an annual single audit and produce a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the State of New Mexico. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Rio Rancho for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organization chart and a list of City officials and administrative staff. The financial section includes the financial statements and the combining and individual fund financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The schedule of expenditures of Federal awards required by the Single Audit Act is included in the single audit section along with the auditors' report on the internal control and compliance with applicable laws and regulations.

Heinfeld, Meech & Co., P.C. a certified public accounting firm, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the overall financial statement presentation. The

independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

#### PROFILE OF THE CITY

The City of Rio Rancho is the third largest city in New Mexico with an estimated population of 75,978. Located in central New Mexico, northwest and adjacent to Albuquerque, New Mexico's principal city. The metropolitan area is serviced by east-west Interstate I-40 and north-south Interstate I-25. The Santa Fe railroad has a major rail line through Albuquerque. The new Rail Runner rail commuter service between the near by community of Bernalillo, Albuquerque and Los Lunas, and soon to service Santa Fe. There are two general aviation facilities, including the Albuquerque International Airport that has eight major airlines and two regional airlines providing service to the metropolitan area.

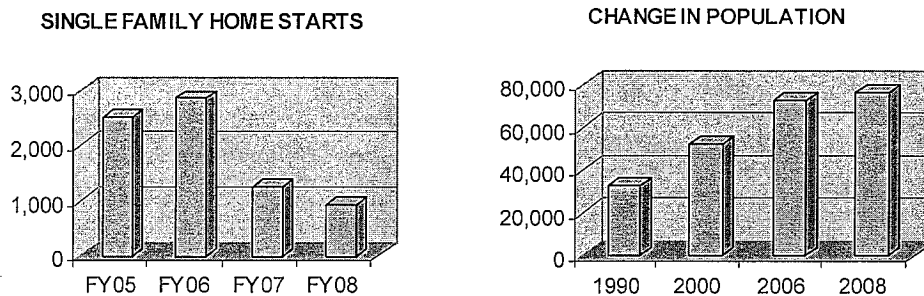
The City was incorporated in 1981 and adopted a municipal charter as a home rule city in 1991. The City has a hybrid Council/Manager form of government in which the Mayor is a member of the Governing Body. The City Manager is the Chief Administrative Officer, appointed by the Mayor subject to approval of the Governing Body. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB). Based on these criteria no other governmental organizations are included in this report.

The City provides to its citizens those services that have proven to be necessary and meaningful and which the City at the least cost can provide. Major services provided under the general government and enterprise functions are: police and fire protection, emergency ambulance service, water and wastewater services, park and recreational facilities, libraries, senior services, street improvements and general administrative services.

## FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City of Rio Rancho is the fastest growing city in the State of New Mexico. The City's population increased 46.8 percent from 51,765 to 75,978 since 2000. However, building permits issued for single-family homes declined 56.4 percent to 1,244 in fiscal year 2007. In fiscal year 2008 the number of building permits issued declined 26.3 percent to 917. The decline in the number of permits has followed the national trend in single-family construction. Given the current state of the economy, the City can expect single-family construction activity to decline further to 400 to 600 permits in fiscal year 2009, levels not seen since 1999.



The City of Rio Rancho is heavily dependant on gross receipts tax as its major revenue source which is nearly 55.0 percent of its total revenues. Single family home construction activity historically provided nearly 34.0 percent of the total gross receipts tax revenue, while retail trade contributes just 30.0 percent toward the City's gross receipts tax revenue.

The City of Rio Rancho however ranks tenth in per capita retail trade gross receipts tax. Due to the City's close proximity to a large mall complex located within the City of Albuquerque, retailers have been slow to establish within the City.

Although single-family home construction has slowed significantly, the City of Rio Rancho expects to experience significant growth in retail and commercial projects that are either in planning stages or under construction in the next fiscal year.

The Rio Rancho SPV retail project consisting of approximately 351,000 square feet of retail space on 47 acres of property located at the corner of Northern Boulevard and 40<sup>th</sup>. This new retail development, which is part of the Loma Colorado Redevelopment, is anchored by a 171,000 square foot Lowes to open in October 2008 and planned are junior boxes, shops, restaurants and a bank. Significant interest has been expressed by retailers in the southwest and northeast corners of the intersection.

Presbyterian Health Care held a ground breaking for construction of an eventual 500-bed hospital and corresponding office complex at Unser and Westside Boulevards. This will fulfill the City's need for a full service hospital facility. Adjacent to the hospital developers have begun planning for the Village, a 400,000 sq. ft. retail complex.

At the north end of the City at the intersection of NM 528 and US 550 has considerable activity as well, including a new Cable One office, a planned Social Security Administration office, a Big 5 sporting goods store, Defined Fitness Health Club, and Presbyterian Family practice building.

In 2006 and 2007 the City of Rio Rancho established a Central Business District anchored by a 6,500 seat Santa Ana Star Multi-Purpose Event Center and construction of a new City Hall.

In the Central Business District area several major projects planned or will begin construction in fiscal year 2009 including:

- Central New Mexico Community College campus, construction beginning in spring 2009
- University of New Mexico/Legacy Group 120 bed teaching hospital, construction beginning in spring 2009
- Planning for the University of New Mexico 12,000 student campus and its first building.
- Rio Rancho Public School District is currently constructing a new high school slated to open in the fall of 2009.
- Hewlett Packard plans to construct a 220,000 sq. ft. call center housing up to 1,800 employees with planned opening in December 2009.
- Lions Gate Entertainment acquired land with plans to construct movie studios.

The City of Rio Rancho established a general obligation bond cycle in 2001. The general obligation bond debt service is structured to allow the City to go to the voters every two years for approval for new funding of projects without increasing property taxes.

#### **Long-term financial planning.**

The Development Services and the Public Works Departments continues to develop a land use plan covering 21 square miles surrounding the Central Business District.

Located in an arid region, water availability is of utmost importance to the City. The City's Water and Wastewater Utility is in the planning stage to provide reuse water to the City's sports park from its new wastewater treatment plant.

The City has initiated a process to develop a strategic plan. A professional firm is guiding the Governing Body and staff, a citizen survey has been completed, and meetings with citizens are planned to gather their views on the proposed strategic plan. The process is expected to last for several months with March 2009 targeted for completion.

**Accounting System and Budgetary Control.** Written financial policies were instituted in fiscal year 2006 as a basic framework for the financial management of the City of Rio Rancho. These policies are intended to assist members of the City of Rio Rancho Governing Body and City staff in evaluating current activities and proposals for future programs. These policies are to be reviewed on an annual basis in conjunction with annual budget. During the fiscal year 2009 budget process, a fee policy was developed for Parks and Recreation Department.

The City's accounting records for general government operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting



records for the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City charter provides that the Governing Body shall adopt the annual budget prepared by the City Manager. The budget is reviewed by the Governing Body and is formally adopted by the passage of a budget resolution. The City Manager is authorized to transfer budgeted amounts between line items within divisions of any fund; however the Governing Body must approve any revisions that alter the total expenditures of any fund.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to City departments and divisional management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

**Cash Management.** The City awards its depository contract through official bidding procedures for a three-year period with an option to extend the contract for an additional seven years. The current depository contract with Wells Fargo Bank, N.A. expires April 2009.

The City has a services-only contract, where a minimum amount of cash is held a checking and savings account to meet the City's daily operational needs.

It is the City's policy that all demand deposits and time deposits are secured by pledged collateral with a market value equal to no less than 102% of the deposits less an amount insured by the FDIC. Evidence of the pledged collateral is maintained by the Financial Services Department and a third party financial institution. Collateral is reviewed at least monthly to assure the market value of the securities pledged equals or exceeds the related bank balances. All collateral is subject to inspection and audit by the Director of Financial Services.

The remaining idle cash is invested by the Director of Financial Services in securities as allowed by New Mexico Statutes and by the City's Investment Ordinance. The City's Investment Ordinance sets forth the requirements for the investment of funds in a manner that maximizes safety of principal while ensuring that funds are available to meet the operating needs of the City and to meet unanticipated cash demands while earning the highest possible returns.

All investments transacted by the City are purchased using the delivery versus payment method. That is, funds are not wired or paid until verification has been made that the correct security has been received by the Custodian. The security is held in the name of the City or on behalf of the City. The Custodian's records must assure the notation of the City's ownership or explicit claim on the securities. The original safekeeping statements are delivered to the City.

**Risk Management.** The City is charged with the responsibility of supervising the protection of the City's assets by employing various risk management techniques and procedures to reduce, absorb,

minimize or transfer risk. The City carries insurance for general liability, law enforcement liability, civil rights, volunteers, and property with the New Mexico Self-Insurers Fund. The relationship with the Fund is established by a joint powers agreement with the New Mexico Municipal League.

Beginning with fiscal year 2009, the City began self-insuring its workers compensation insurance and using the New Mexico Self-insurers Fund to handle claims and reinsurance. The Fund also provides safety training for all City employees as part of the fees paid to the Fund. The City require all employees to attend a minimum hours of training based on specific job classifications.

**Employee Health Care and Pension Plans.** The City makes available group health and dental insurance coverage and a cafeteria plan, also offered are life and disability insurance to its employees on a voluntary basis. The Employees have a choice of a point- of-service plan or an HMO.

Substantially all full-time employees of the City participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II NMSA 1978). The defined benefit plan provides for retirement, disability benefits, and survivor benefits to plan members and beneficiaries.

The City agreed to become a member of the New Mexico Retiree Health Care Authority on July 1, 2007 to provide retirement health care for employees.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the City of Rio Rancho for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This is third year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

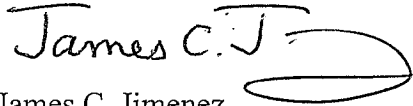
The Government Finance Officers Association of the United States and Canada presented an Award for Distinguished Budget Presentation to the City of Rio Rancho for its Annual Operating Budget for Fiscal Year beginning July 1, 2007 through June 30, 2008. This is the second year that the City received this award.

In order to receive this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

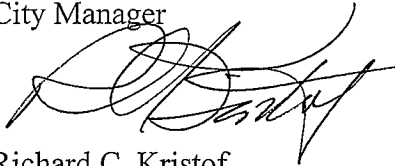
The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements.

**Acknowledgments.** The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire Financial Services Department. We express our sincere appreciation to Marta Ortiz and Accounting Staff for the contributions made in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James C. Jimenez", followed by a large, stylized circular flourish.

James C. Jimenez  
City Manager

A handwritten signature in black ink, appearing to read "Richard C. Kristof", with a stylized, flowing script.

Richard C. Kristof  
Director of Financial Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rio Rancho  
New Mexico

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



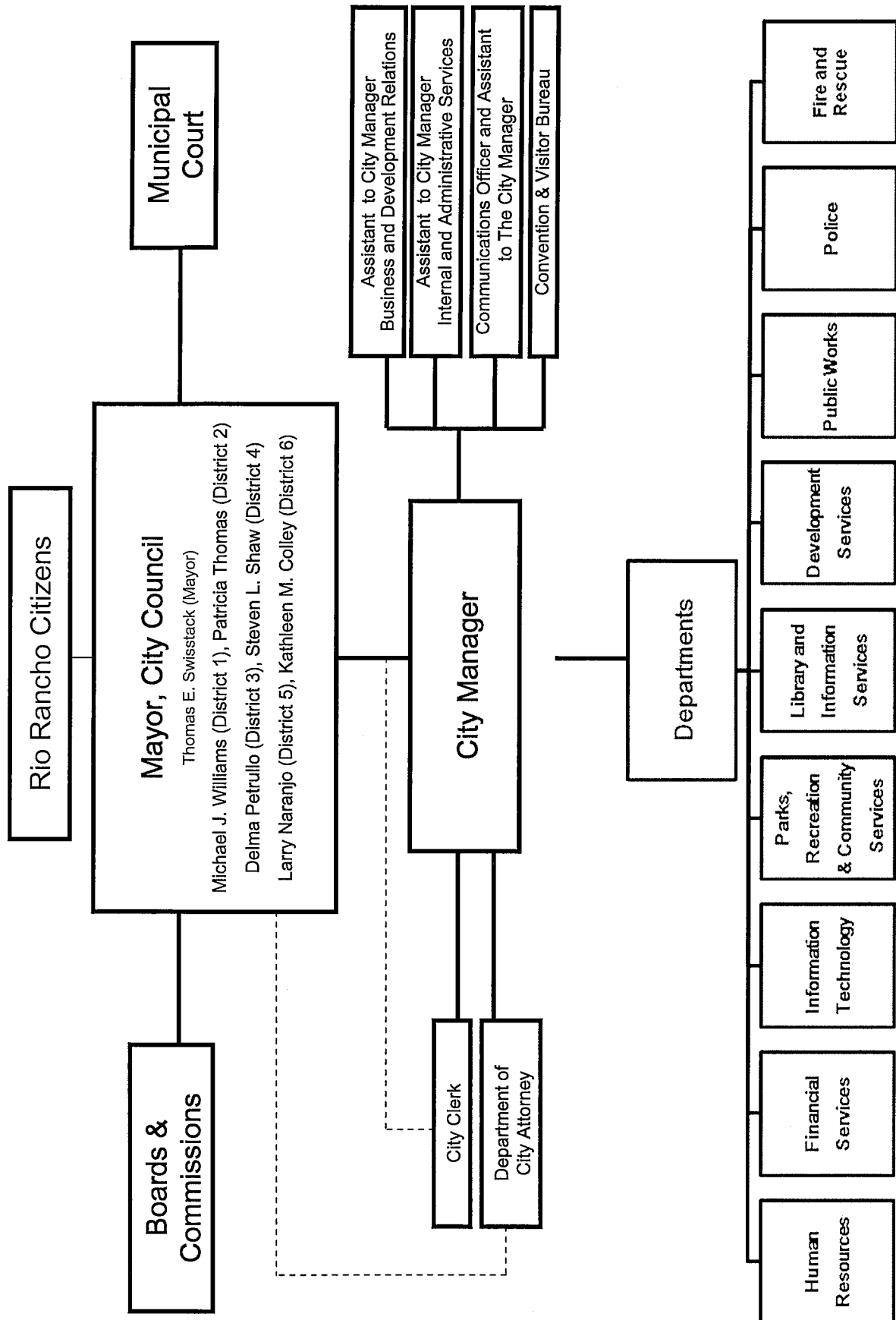
*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# City of Rio Rancho Organizational Structure



**CITY OF RIO RANCHO, NEW MEXICO**

**OFFICIAL ROSTER**

**MAYOR AND CITY COUNCIL**

Thomas E. Swisstack, Mayor

Michael J. Williams, Councilor, District 1

Patricia A. Thomas, Councilor, District 2

Delma M. Petrullo, Councilor, District 3

Steven L. Shaw, Councilor, District 4

Larry E. Naranjo, Councilor, District 5

Kathleen M. Colley, Councilor, District 6

**ADMINISTRATIVE OFFICIALS**

James C. Jimenez, City Manager

Roman Montoya, City Clerk

Richard C. Kristof, Director of Financial Services

## **FINANCIAL SECTION**

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HEINFELD, MEECH & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

10120 N. Oracle Road  
Tucson, Arizona 85704  
Tel (520) 742-2611  
Fax (520) 742-2718

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council  
City of Rio Rancho, New Mexico

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund (General, Utilities and Multi-Purpose Event Center Funds), and the aggregate remaining fund information of the City of Rio Rancho, New Mexico (City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying Combining and Individual Fund Financial Statements and Schedules as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund as listed above, and the aggregate remaining fund information of the City of Rio Rancho, New Mexico, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the City of Rio Rancho, New Mexico, as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison information for all nonmajor governmental, and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2008, on our consideration of the City of Rio Rancho, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 19 through 33 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements and the nonmajor governmental, fiduciary funds, and budgetary comparison information presented as supplementary information in the Combining and Individual Fund Financial Statements and Schedules. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. In addition, the accompanying supplementary information such as the Introductory Section, Statistical Section, and the additional schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards and Other Supplemental Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The information included in the Introductory Section and Statistical Section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

November 1, 2008

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**(Required Supplementary Information)**

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**CITY OF RIO RANCHO, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

As management of the City of Rio Rancho (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008.

**FINANCIAL HIGHLIGHTS**

The financial statements, which follow the Management's Discussion and Analysis, provide those significant key financial highlights for 2008 as follows:

- In the Statement of Net Assets the City's total net assets of governmental activities increased \$6.0 million to \$228.2 million and business-type activities increased \$21.4 million to \$110.4 million representing 67.4 percent and 32.6 percent respectively, of the total net assets of \$338.7 million.
- In the Statement of Activities the total governmental activities revenues amounted to \$79.2 million, of which general revenues from governmental activities accounted for \$51.4 million in revenue, or 64.8 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$27.9 million or 35.2 percent of total governmental activities revenues.
- In the Statement of Activities the total business-type activities revenues amounted to \$47.3 million, of which general revenues from business-type activities accounted for \$2.8 million or 5.8 percent of all revenues from business-type activities. Program specific revenues in the form of charges for services and capital contributions accounted for \$44.5 million or 94.2 percent of business-type activities.
- In the Statement of Activities the City had \$73.2 million in expenses related to governmental activities, of which \$27.9 million of these expenditures were offset by program specific charges for services or grants and contributions. General revenues of \$51.4 million were adequate to provide for the remaining costs of these programs. The City had \$25.8 million in expenses related to business-type activities. These expenses were offset by program specific revenues in the form of charges for services and capital grants and contributions of \$44.5 million.
- The General Fund had \$50.0 million in revenues, which primarily consisted of taxes and charges for services. The total expenditures of the General Fund were \$50.0 million. The General Fund's fund balance decreased from \$19.2 million to \$13.8 million, a decrease of 28.1 percent.
- Net assets of the Enterprise Funds increased \$21.4 million. Operating revenues of \$29.5 million exceeded operating expenses of \$16.2 million. Non-operating expenses of \$9.7 million exceeded non-operating revenues of \$15.3 million.

**CITY OF RIO RANCHO, NEW MEXICO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2008**

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements, the City's activities are presented in the following categories.

- ***Governmental activities*** – Governmental activities include most of the City's basic services such as general government, public safety, public works, culture and recreation, and economic development. Gross receipt taxes, municipal and State shared taxes, intergovernmental revenues and charges for services finance most of these activities.
- ***Business type activities*** – Business-type activities include water, wastewater, and event center activities provided by the City. These services are financed through user fees and charges.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**CITY OF RIO RANCHO, NEW MEXICO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2008**

**OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)**

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations are on pages 45 and 47, respectively.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

***Proprietary funds.*** The City maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water and wastewater utility services, and the event center activities. The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides additional information for the Utilities Fund and the Multi-Purpose Event Center Fund, which are considered to be major funds of the City.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**CITY OF RIO RANCHO, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)**

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Under New Mexico Administrative Code Section 2.2.2 governments in New Mexico must include the budgetary comparison statement for the General Fund as a component of the fund financial statements within the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$338.7 million as of June 30, 2008.

A major portion of the City's net assets (84.6 percent) reflects its investment in capital assets (e.g., land and improvements, infrastructure, buildings and improvements, improvements other than buildings, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the City's net assets (5.9 percent) is restricted for the specified purposes of debt service repayment and capital outlay investment.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

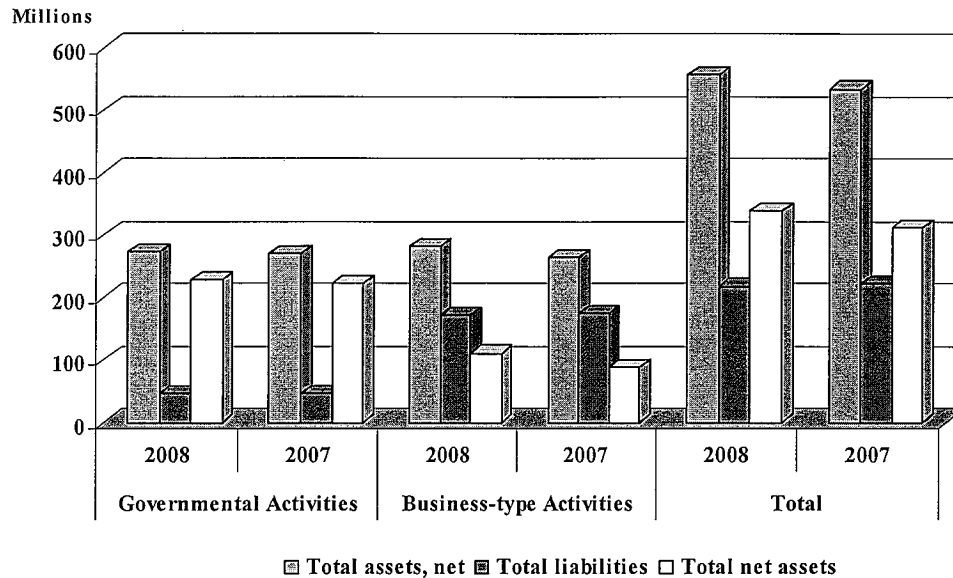
The following table presents a summary of the City's net assets for the fiscal years ended June 30, 2008 and June 30, 2007.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 40,363,005	\$ 59,239,032	\$ 78,761,778	\$ 90,591,764	\$ 119,124,783	\$ 149,830,796
Capital assets, net	<u>233,544,108</u>	<u>210,329,564</u>	<u>203,994,445</u>	<u>173,959,084</u>	<u>437,538,553</u>	<u>384,288,648</u>
<b>Total assets, net</b>	273,907,113	269,568,596	282,756,223	264,550,848	556,663,336	534,119,444
Current liabilities	11,931,845	10,189,040	14,059,964	11,010,464	25,991,809	21,199,504
Long-term obligations						
outstanding	<u>33,742,037</u>	<u>37,182,734</u>	<u>158,278,230</u>	<u>164,538,485</u>	<u>192,020,267</u>	<u>201,721,219</u>
<b>Total liabilities</b>	45,673,882	47,371,774	172,338,194	175,548,949	218,012,076	222,920,723
Net assets:						
Invested in capital assets, net of related debt	197,267,351	184,408,573	72,484,053	57,733,951	269,751,404	242,142,524
Restricted	8,797,171	19,344,282	11,284,077	11,581,655	20,081,248	30,925,937
Unrestricted	<u>22,168,709</u>	<u>18,443,967</u>	<u>26,649,899</u>	<u>19,686,293</u>	<u>48,818,608</u>	<u>38,130,260</u>
<b>Total net assets</b>	<u>\$ 228,233,231</u>	<u>\$ 222,196,822</u>	<u>\$ 110,418,029</u>	<u>\$ 89,001,899</u>	<u>\$ 338,651,260</u>	<u>\$ 311,198,721</u>



**CITY OF RIO RANCHO, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**



The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The City added \$23.2 million of governmental capital assets primarily due to the completion of multiple road projects and developer contributions, to include the Cabezon Park and community center.
- The City entered into a new contract with the Rio Rancho Police Fire Dispatch Association, that changed vacation and sick accrued hours to paid time off, which increased the accrual for compensated absences by \$2.4 million.
- The amount of net assets restricted decreased by \$10.5 million primarily due to the depletion of bond construction funds used to construct the new Library, City Hall, and the Aquatics Center.
- The City added \$30.0 million of business-type capital assets primarily due to the addition of a waterline for main street, new well equipment, developer contributions, and arsenic abatement projects.
- Net assets for business-type activities increased \$21.4 million was primarily due to a scheduled rate increase in water and wastewater services of 5.4 percent.

**CITY OF RIO RANCHO, NEW MEXICO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

**Changes in net assets.** The City's total revenues for the fiscal year ended June 30, 2008, were \$126.5 million with an increase in net assets of \$27.5 million, thereby accounting for 8.8 percent increase in the net assets of the City. The following table presents a summary of the changes in net assets for fiscal years ended June 30, 2008 and June 30, 2007.

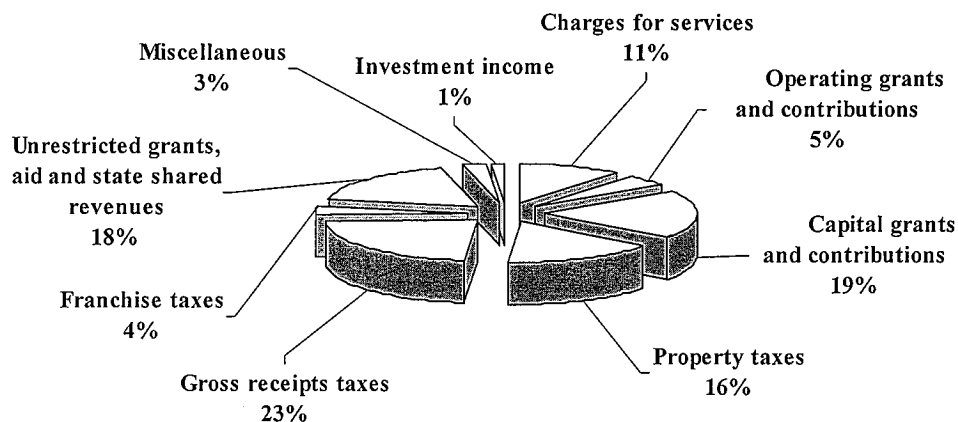
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$8,896,498	\$8,958,746	\$29,536,442	\$25,764,096	\$38,432,940	\$34,722,842
Operating grants and contributions	3,660,574	2,564,015	1,650,000	150,000	5,310,574	2,714,015
Capital grants and contributions	15,336,888	25,160,023	13,320,728	7,130,740	28,657,616	32,290,763
General revenues:						
Property taxes	12,857,673	9,759,949			12,857,673	9,759,949
Gross receipts taxes	18,148,103	18,858,973			18,148,103	18,858,973
Franchise taxes	2,898,700	2,800,615			2,898,700	2,800,615
Unrestricted grants, aid and state shared revenues	14,268,918	15,969,522			14,268,918	15,969,522
Miscellaneous	2,010,150	704,101	47,603		2,057,753	704,101
Investment income	<u>1,167,530</u>	<u>2,881,181</u>	<u>2,711,197</u>	<u>3,437,707</u>	<u>3,878,727</u>	<u>6,318,888</u>
<b>Total revenues</b>	<b>\$79,245,034</b>	<b>\$87,657,125</b>	<b>\$47,265,970</b>	<b>\$36,482,543</b>	<b>\$126,511,004</b>	<b>\$124,139,668</b>
<b>Expenses:</b>						
General government	10,106,998	9,446,698			10,106,998	9,446,698
Public safety	30,453,273	22,755,627			30,453,273	22,755,627
Public works	18,078,174	15,388,104			18,078,174	15,388,104
Culture and recreation	9,478,686	8,877,320			9,478,686	8,877,320
Economic development	3,507,872	2,944,345			3,507,872	2,944,345
Interest on long-term debt	1,583,622	1,943,996			1,583,622	1,943,996
Water			12,326,747	10,763,072	12,326,747	10,763,072
Wastewater			11,406,457	8,739,795	11,406,457	8,739,795
Event center	-	-	<u>2,116,636</u>	<u>2,682,495</u>	<u>2,116,636</u>	<u>2,682,495</u>
<b>Total expenses</b>	<b><u>73,208,625</u></b>	<b><u>61,356,090</u></b>	<b><u>25,849,840</u></b>	<b><u>22,185,362</u></b>	<b><u>99,058,465</u></b>	<b><u>83,541,452</u></b>
<b>Increase in net assets</b>	<b><u>\$6,036,409</u></b>	<b><u>\$26,301,035</u></b>	<b><u>\$21,416,130</u></b>	<b><u>\$14,297,181</u></b>	<b><u>\$27,452,539</u></b>	<b><u>\$40,598,216</u></b>

**CITY OF RIO RANCHO, NEW MEXICO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

	<u>Year Ended June 30, 2008</u>		<u>Year Ended June 30, 2007</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/Revenue</u>
<b>Governmental activities:</b>				
General government	\$10,106,864	\$(6,696,458)	\$9,446,698	\$(8,038,813)
Public safety	30,455,750	(22,902,098)	22,755,627	(15,957,815)
Public works	18,078,308	(7,548,085)	15,388,104	7,398,518
Culture and recreation	9,476,209	(3,590,347)	8,877,320	(3,709,803)
Economic development	3,507,872	(2,994,055)	2,944,345	(2,421,397)
Interest on long-term debt	<u>1,583,622</u>	<u>(1,583,622)</u>	<u>1,943,996</u>	<u>(1,943,996)</u>
<b>Total expenses</b>	<b><u>\$73,208,625</u></b>	<b><u>\$(45,314,665)</u></b>	<b><u>\$61,356,090</u></b>	<b><u>\$(24,673,306)</u></b>
<b>Business-type activities:</b>				
Water	12,326,747	15,798,101	10,763,072	2,991,623
Wastewater	11,406,457	2,017,225	8,739,795	3,095,709
Event center	<u>2,116,636</u>	<u>842,004</u>	<u>2,682,495</u>	<u>4,772,142</u>
<b>Total expenses</b>	<b><u>\$25,849,840</u></b>	<b><u>\$18,657,330</u></b>	<b><u>\$22,185,362</u></b>	<b><u>\$10,859,474</u></b>

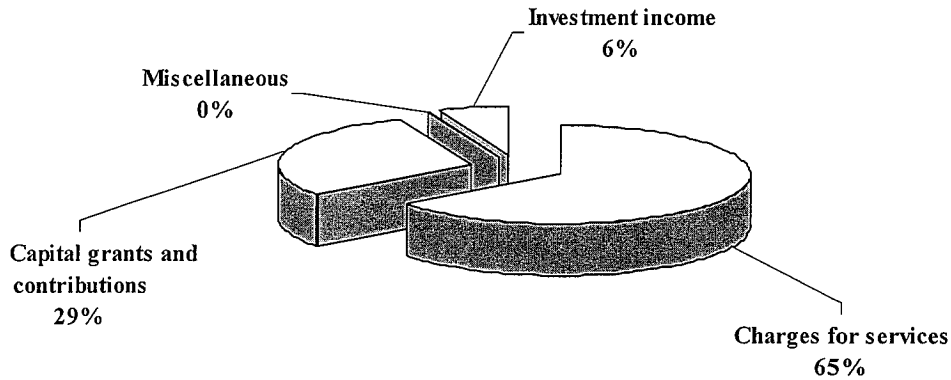
**Revenues by Source – Governmental Activities**



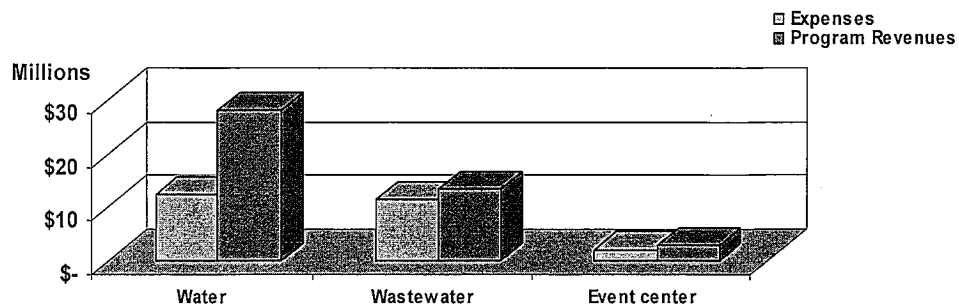
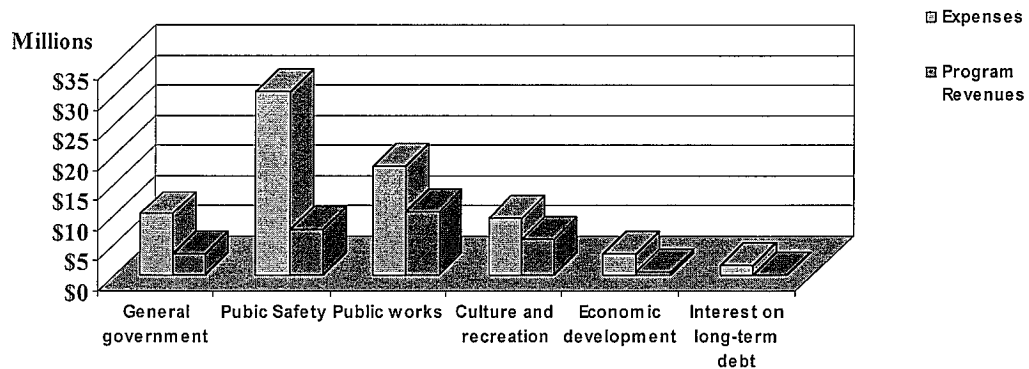
**CITY OF RIO RANCHO, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

**Revenues by Source – Business-type Activities**



**Expenses and Program Revenues – Governmental & Business type Activities**



**CITY OF RIO RANCHO, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

**Governmental-type activities:** Net assets of the governmental-type activities at the end of the year amount to \$228.2 million. The following are significant current year transactions that have had an impact on the Statement of Activities.

- Program revenues including federal and state grants and contributions, charges for services, and local revenues subsidized certain programs totaling \$27.9 million.
- The cost of all governmental activities in fiscal year 2008 was \$73.2 million, 19.2 percent higher than fiscal year 2007 due primarily to labor union contract increases, and increases in operational expenses due to growth of the City.
- Net cost of governmental activities (\$45.3 million) was financed by general revenues (\$51.4 million) that are made up of primarily gross receipt taxes (\$18.1 million), property taxes (\$12.9 million), and unrestricted grants, aid and state shared revenues (\$14.3 million).
- Gross receipt taxes and unrestricted grants, aid and state shared revenues decreased \$2.4 million from fiscal year 2007, primarily due to the decrease in construction activity and in single-family housing market.
- Investment income decreased \$1.7 million due to declining cash for the utilization of bond funded projects.
- Property tax revenues exceeded fiscal year 2007 by \$3.1 million, primarily due to an increase in a large number of homes constructed and the reassessment of non-residential properties.
- Miscellaneous revenues have increased \$1.3 million due to the sale of the old City Hall building.

**Business-type activities.** Net assets of the business-type activities at the end of the year amount to \$110.4 million. The increase of \$21.4 million over fiscal year 2007 was primarily due to a rate increase in the charges for water and wastewater services and developer capital contributions.

The following are significant current year transactions that have had an impact on the Statement of Net Activities.

- The City's water and wastewater utility increase in net assets is partially attributed to 5.4 percent increase in water rates and 5.4 percent increase in wastewater rates.
- The cost of all business-type activities in fiscal year 2008 was \$25.8 million, 16.5 percent higher than fiscal year 2007 due primarily to increases in electricity rates and water and wastewater operational expenses due to growth of the City.
- Program revenues, specifically operating grants and contributions for the Santa Ana Star Center increased \$1.5 million to subsidize bond payments.

**CITY OF RIO RANCHO, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$34.8 million, a decrease of \$17.4 million due to a decrease in gross receipts taxes, development services fees, impact fees, and the depletion of bond construction funds.

The General Fund is the principal operating fund of the City. The decrease in fund balance of \$5.4 million in the General Fund to \$13.8 million as of June 30, 2008 was due primarily to \$5.5 million of transfers out to fund various construction and equipment replacement projects. Property taxes and franchise fees increased, however municipal and state shared taxes decreased due to the downturn in the economy.

**Proprietary funds.** Net assets of the business-type activities at the end of the year amount to \$110.4 million. The increase of \$21.4 million over fiscal year 2007 was primarily due to a rate increase in the charges for water and wastewater services, an increase in federal and state grant funds, and \$2.4 million of capital contributions.

**BUDGETARY HIGHLIGHTS**

The City revised the General Fund budget during the year. The City conducts a mid-year budget review, which provides the City with an opportunity to adjust the fiscal year budget for changes in projected revenue and expenditure levels. The fiscal year 2008 budget recommendations for expenditures are focused on the following objectives:

- The planning for adequate funding to meet employee compensation requirements generated by the approved AFSCME Collective Bargaining Agreement, the expected Rio Rancho Police Fire Dispatch Association Collective Bargaining Agreement, and the contemplated non-bargaining yearly adjustments.
- The funding for the Retiree Health Care benefit for City employees.
- The planning and budgeting for the reorganization of the Department of Public Safety into two departments, the Department of Police and the Department of Fire/Rescue.
- The inclusion of funding for additions to Personnel as a prioritized basis. Of particular importance is the funding of nine (9) full-time and twenty-four (24) part-time positions to adequately staff the Rio Rancho Indoor Aquatics Center that opened in May 2008.

**CITY OF RIO RANCHO, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**BUDGETARY HIGHLIGHTS (Concl'd)**

- The funding of Capital Improvements on a prioritized basis, in order to enhance services to our community in areas of greatest need or impact.
- The inclusion of the local-match requirements necessary to fund projects or programs supported in part by State or Federal Grants or Legislative appropriations.
- The further funding of the Infrastructure Rehabilitation Fund created to meet the need for rehabilitation or construction of public infrastructure, within established areas of the community, not eligible for the expenditure of impact fee revenues.

The increases and decreases reflective of the fiscal year 2008 midyear budget can be briefly summarized as follows:

- The largest revenue increase is \$1.2 million or 15.9 percent in property tax revenue. This sharp rise is the result of two factors, the reassessment of non-residential properties and the large number of new homes constructed.
- Ambulance service revenue increased \$0.3 million due to increased calls and improved bill collection as a result of Financial Services Department taking over EMS collection.
- Gross Receipts Tax (GRT), building inspection, and plan review revenue has decreased \$0.8 million due to a decline in construction and the decline in the number of single-family building permits issued.
- An increase of \$0.4 million for utilities, communications, and gasoline for the purpose of providing essential City services.
- An increase of \$0.3 million for insurance due to adding coverage for the new Library, City Hall, and the Santa Ana Star Center.
- Provide funding for the North Central Area Plan consultants in the amount of \$0.3 million.
- The funding of an IT technician and an additional custodian for the increased demands on departments caused by the addition of new facilities and equipment.

The variances between the budget and actual revenues and expenditures for the General fund can be briefly summarized as follows:

- \$2.4 million negative variance for municipal and state share taxes is due to the reduction of construction and retail gross receipts tax revenue.
- \$1.6 million negative variance for public safety expenditures primarily due to eligible employees retiring, which results in a payout of compensated absences and benefits.

**CITY OF RIO RANCHO, NEW MEXICO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2008**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$437.5 million (net of accumulated depreciation). This investment in capital assets includes buildings, facilities, vehicles, equipment, and infrastructure assets. This amount represents a net increase of \$53.2 million over last year, primarily due to additions of general governmental road network assets, and various arsenic water projects. Total depreciation expense for the year was \$12.1 million.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2008 and June 30, 2007.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$54,991,283	\$51,035,680	\$8,230,954	\$6,374,915	\$63,222,237	\$57,410,595
Land improvements	6,964,929	3,538,805	3,214,517	3,308,017	10,179,446	6,846,822
Buildings and improvements	11,062,188	11,592,155	60,510,447	18,207,328	71,572,635	29,799,483
Vehicles, furniture and equipment	9,929,874	9,103,438	17,275,152	11,185,835	27,205,026	20,289,273
System infrastructure	84,391,538	78,916,505	76,074,887	72,483,594	160,466,425	151,400,099
Construction in progress	<u>66,204,295</u>	<u>56,142,981</u>	<u>38,688,488</u>	<u>62,399,396</u>	<u>104,892,783</u>	<u>118,542,377</u>
<b>Total</b>	<u>\$233,544,108</u>	<u>\$210,329,564</u>	<u>\$203,994,445</u>	<u>\$173,959,085</u>	<u>\$437,538,552</u>	<u>\$384,288,649</u>

Additional information on the City's capital assets can be found in Note 4.

**Debt Administration.** At the end of the current fiscal year, the City had \$198.9 million in long-term debt outstanding, with \$9.7 million due within one year. The following table presents a summary of the City's outstanding bonded debt for the fiscal years ended June 30, 2008 and June 30, 2007.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$14,325,000	\$15,075,000			\$14,325,000	\$15,075,000
Revenue bonds	19,445,000	20,225,000	154,200,000	159,655,000	173,645,000	179,880,000
Notes payable	2,520,283	2,856,469			2,520,283	2,856,469
Loans payable	<u>-</u>	<u>-</u>	<u>8,414,645</u>	<u>8,853,894</u>	<u>8,414,645</u>	<u>8,853,894</u>
<b>Total</b>	<u>\$36,290,283</u>	<u>\$38,156,469</u>	<u>\$162,614,645</u>	<u>\$168,508,894</u>	<u>\$198,904,928</u>	<u>\$206,665,363</u>



**CITY OF RIO RANCHO, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont'd)**

State statutes currently limit the amount of general obligation debt a City may issue to 4 percent of its total assessed valuation for general purposes. The current debt limitation for the City is \$83,765,112. State statute also currently does not limit the amount of general obligation debt a City may issue for water and wastewater system. The City has no outstanding general obligation debt for the water and wastewater system.

The City's general obligation bond debt is graded at AA- by Fitch Ratings and Aaa by Moody's. The gross receipts tax revenue bond debt is graded an A1 by Moody's and AA- by Standard & Poors. The City's water and wastewater revenue bond debt was upgraded to A+ by Fitch Ratings and Standard & Poors maintained an A rating.

Additional information on the City's long-term debt can be found in Note 5.

The following are significant current year transactions that have had an impact on capital assets.

- The addition of \$24.4 million in governmental activities due to the construction of a new Aquatics Center and various park and infrastructure projects.
- The addition of \$6.7 million in capital contributions primarily for Cabezon Park and recreation center/pool and miscellaneous infrastructure.
- The addition of \$25.3 million in business-type activities primarily due to the federal mandate of water well arsenic removal systems.
- The addition of \$2.3 million in capital contributions primarily from miscellaneous infrastructure.

The following are significant current year transactions that have had an impact on long-term debt.

- Long-term debt retirement in the amount of \$2.1 million and \$5.9 million in the governmental and business-type activities, respectively.

**NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

Many factors were considered by the City's administration during the process of developing the fiscal year 2008-09 budgets. The objectives set for the fiscal year budget include the following:

- The greatest significance to Rio Rancho has been general declines in the housing market in terms of housing starts and in consumer spending overall. In Rio Rancho, this has resulted in a slowdown in residential development and an apparent across-the-board reduction in retail shopping. This, in turn, means a decline in the City's primary revenue source, Gross Receipts Tax (GRT).
- Tactics will be in place to reduce capital and other one-time expenditures while maintaining spending that impacts ongoing operations.

**CITY OF RIO RANCHO, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**NEXT YEAR'S BUDGET AND ECONOMIC FACTORS (Concl'd)**

- Expenditures for personnel services is up over 9% due to across-the-board wage adjustments and other items affecting wages that were negotiated in previous years. This, then, adds to the need to reduce expenditures in other areas of the budget.
- Materials and services and the capital outlay portions of the budget are being reduced by over 19%. Reduction in such areas as professional services (41%), advertising (18%), furniture and equipment (52%), and travel and training (17%) will limit some aspects of service delivery by delaying rather than eliminating certain items.
- Funding for discretionary funds has been included in the balanced budget totaling \$0.2 million.
- Impact fee funds are affected by the economic conditions. The decline in construction has reduced the ability of these funds to assist in construction of needed infrastructure. Projects that may have been possible by these funds will be placed on hold.
- The equipment replacement fund has been left intact. Equipment that is vital to operations will be replaced, however, some needed new equipment will be placed on hold.
- In the Utility fund, will see a slight reduction of about 3% in revenues. A rate study is being conducted to take into account changes in the cost of its many expenses, and to consider the cost of water rights and other ongoing costs not previously included in the utility rates.

The City has experienced fast growth and according to the 2000 Census, New Mexico's 1.8 million population ranked as the 12<sup>th</sup> fastest growing state in the nation. The estimated population as for Rio Rancho is 76,000. To meet the challenges of this rapid growth, the City is continuing to make key organizational improvements to improve our service delivery.

For the last four quarters (2007:3 – 2008:2), employment growth has averaged only 0.5 percent. Second quarter personal income growth reached an estimated 4.8 percent, while the unemployment rate checked in at 3.9 percent. Weakness again was concentrated in the construction and manufacturing sectors. Total housing authorizations in the City of Rio Rancho were off 23.3 percent in the second quarter. In the entire metropolitan area, single-family permits were 55.1 percent lower than a year earlier.

These indicators were considered when adopting the budget for fiscal year 2008-09. Amounts available in the General Fund budget are \$52.0 million, a decrease of 6.4 percent. Municipal and state shared gross receipts taxes are expected to decline by 11.3 percent; however the 2008 property tax assessment shows an increase of 4.9 percent. Budgeted expenditures in the General Fund increased 0.7 percent to \$53.2 million in fiscal year 2008-09. The primary reason for this increase is for across-the-board wage adjustments and other items affecting wages that were negotiated in previous years. No new programs were added to the 2008-09 budget.

**CITY OF RIO RANCHO, NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Financial Services Department, City of Rio Rancho, 3200 Civic Center Circle NE Rio Rancho, New Mexico 87144.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF RIO RANCHO, NEW MEXICO**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 30,980,045	\$ 49,336,486	\$ 80,316,531
Property taxes receivable	824,322		824,322
Accounts receivable	1,627,915	5,239,918	6,867,833
Due from federal government	1,029,068	1,109,929	2,138,997
Due from state government	5,476,836	378,174	5,855,010
Total current assets	<u>39,938,186</u>	<u>56,064,507</u>	<u>96,002,693</u>
Noncurrent assets:			
Restricted investments		11,284,077	11,284,077
Deferred bond issuance costs	348,191	1,909,301	2,257,492
Deferred refunding charges	76,628	4,280,092	4,356,720
Deferred bond discount		401,107	401,107
Goodwill (net of amortization)		4,822,694	4,822,694
Land	54,991,283	8,230,954	63,222,237
Land improvements	9,426,316	3,841,509	13,267,825
Infrastructure	187,971,069	87,443,782	275,414,851
Buildings and improvements	14,167,003	66,694,583	80,861,586
Vehicles, furniture and equipment	22,206,711	28,067,719	50,274,430
Construction in progress	66,204,295	38,688,488	104,892,783
Accumulated depreciation	(121,422,569)	(28,972,590)	(150,395,159)
Total noncurrent assets	<u>233,968,927</u>	<u>226,691,716</u>	<u>460,660,643</u>
<b>Total assets</b>	<u>273,907,113</u>	<u>282,756,223</u>	<u>556,663,336</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	2,937,856	5,530,129	8,467,985
Accrued payroll	951,821	35,987	987,808
Accrued interest payable	315,506	993,076	1,308,582
Compensated absences payable	3,952,186	68,353	4,020,539
Note payable	583,662	452,427	1,036,089
Unearned revenue	240,814		240,814
General obligation bonds payable	2,150,000		2,150,000
Revenue bonds payable	800,000	5,695,000	6,495,000
Deposits held for others		1,284,992	1,284,992
Total current liabilities	<u>11,931,845</u>	<u>14,059,964</u>	<u>25,991,809</u>
Noncurrent liabilities:			
Note payable	1,936,621	7,962,218	9,898,839
General obligation bonds payable	12,175,000		12,175,000
Revenue bonds payable	18,645,000	148,505,000	167,150,000
Deferred bond premium	985,416	1,811,012	2,796,428
Total non-current liabilities	<u>33,742,037</u>	<u>158,278,230</u>	<u>192,020,267</u>
<b>Total liabilities</b>	<u>45,673,882</u>	<u>172,338,194</u>	<u>218,012,076</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	197,267,351	72,484,053	269,751,404
Restricted for:			
Debt service	4,084,529	11,284,077	15,368,606
Capital projects	4,712,642		4,712,642
Unrestricted	22,168,709	26,649,899	48,818,608
<b>Total net assets</b>	<u>\$ 228,233,231</u>	<u>\$ 110,418,029</u>	<u>\$ 338,651,260</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF RIO RANCHO, NEW MEXICO**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2008**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 10,106,998	\$ 1,304,678	\$	\$ 2,105,728	\$ (6,696,592)
Public safety	30,453,273	4,388,583	1,504,372	1,660,697	(22,899,621)
Public works	18,078,174	1,097,003	211,927	9,221,293	(7,547,951)
Culture and recreation	9,478,686	1,610,322	1,926,370	2,349,170	(3,592,824)
Economic development	3,507,872	495,912	17,905		(2,994,055)
Interest on long-term debt	1,583,622				(1,583,622)
Total governmental activities	<u>73,208,625</u>	<u>8,896,498</u>	<u>3,660,574</u>	<u>15,336,888</u>	<u>(45,314,665)</u>
Business-type activities:					
Water	12,326,747	17,048,390		11,076,458	
Wastewater	11,406,457	11,623,418		1,800,264	
Event center	2,116,636	864,634	1,650,000	444,006	
Total business-type activities	<u>25,849,840</u>	<u>29,536,442</u>	<u>1,650,000</u>	<u>13,320,728</u>	
<b>Total primary government</b>	<u>\$ 99,058,465</u>	<u>\$ 38,432,940</u>	<u>\$ 5,310,574</u>	<u>\$ 28,657,616</u>	<u>(45,314,665)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	9,080,905
Property taxes, levied for debt service	3,776,768
Gross receipts taxes	18,148,103
Franchise taxes	2,898,700
Unrestricted grants, aid and state shared revenues	14,268,918
Investment income	1,167,530
Miscellaneous	2,010,150
<b>Total general revenues</b>	<u>51,351,074</u>

**Changes in net assets** 6,036,409

**Net assets, beginning of year** 222,196,822

**Net assets, end of year** \$228,233,231

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue  
and Changes in Net Assets

<u>Business-type Activities</u>	<u>Totals</u>
\$	\$ (6,696,592)
	(22,899,621)
	(7,547,951)
	(3,592,824)
	(2,994,055)
	<u>(1,583,622)</u>
	<u>(45,314,665)</u>
15,798,101	15,798,101
2,017,225	2,017,225
842,004	842,004
<u>18,657,330</u>	<u>18,657,330</u>
<u>18,657,330</u>	<u>(26,657,335)</u>
	9,080,905
	3,776,768
	18,148,103
	2,898,700
	14,268,918
2,711,197	3,878,727
47,603	2,057,753
<u>2,758,800</u>	<u>54,109,874</u>
21,416,130	27,452,539
<u>89,001,899</u>	<u>311,198,721</u>
<u>\$110,418,029</u>	<u>\$338,651,260</u>

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## **FUND FINANCIAL STATEMENTS**

**CITY OF RIO RANCHO, NEW MEXICO**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

	General	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash and investments	\$ 9,050,815	\$ 21,929,230	\$ 30,980,045
Property taxes receivable	556,288	268,034	824,322
Accounts receivable	1,569,416	58,499	1,627,915
Due from federal government	236,799	792,269	1,029,068
Due from state government	4,719,902	756,934	5,476,836
Due from other funds	713,152		713,152
<b>Total assets</b>	<b><u>\$ 16,846,372</u></b>	<b><u>\$ 23,804,966</u></b>	<b><u>\$ 40,651,338</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 1,399,561	\$ 1,538,295	\$ 2,937,856
Accrued payroll	933,510	18,311	951,821
Accrued interest payable		315,506	315,506
Due to other funds		713,152	713,152
Deferred revenue	725,447	236,065	961,512
<b>Total liabilities</b>	<b><u>3,058,518</u></b>	<b><u>2,821,329</u></b>	<b><u>5,879,847</u></b>
Fund balances:			
Unreserved:			
Undesignated	13,787,854		13,787,854
Unreserved reported in:			
Special revenue funds		5,754,154	5,754,154
Capital projects funds		11,381,019	11,381,019
Debt service funds		3,848,464	3,848,464
<b>Total fund balances</b>	<b><u>13,787,854</u></b>	<b><u>20,983,637</u></b>	<b><u>34,771,491</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 16,846,372</u></b>	<b><u>\$ 23,804,966</u></b>	<b><u>\$ 40,651,338</u></b>

The notes to the financial statements are an integral part of this statement.

CITY OF RIO RANCHO, NEW MEXICO  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NEW ASSETS  
JUNE 30, 2008

Total Governmental Fund balances \$ 34,771,491

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	354,966,677	
Less accumulated depreciation	<u>(121,422,569)</u>	233,544,108

Property tax revenues that are not available to pay for current period expenditures are deferred in the funds.		720,698
----------------------------------------------------------------------------------------------------------------	--	---------

Deferred charges, issuance costs and premiums related to issuance of bonds are amortized over the life of the associated issue in the government-wide statements.		(560,597)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences payable	(3,952,186)	
Notes payable	(2,520,283)	
General obligation bonds payable	(14,325,000)	
Revenue bonds payable	<u>(19,445,000)</u>	<u>(40,242,469)</u>

Net Assets of Governmental Activities \$ 228,233,231

**CITY OF RIO RANCHO, NEW MEXICO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2008**

	General	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property taxes	\$ 8,829,698	\$ 3,620,273	\$ 12,449,971
Municipal and state shared taxes	28,384,391	3,813,177	32,197,568
License and permits	362,924		362,924
Intergovernmental	1,401,163	5,759,726	7,160,889
Impact fees		1,969,502	1,969,502
Charges for services	5,221,781	576,787	5,798,568
Fines and forfeits	1,087,997	88,753	1,176,750
Franchise fees	2,764,053	134,647	2,898,700
Contributions and donations		35,554	35,554
Investment income	502,838	1,071,518	1,574,356
Other revenues	1,485,937	1,603,324	3,089,261
<b>Total revenues</b>	<u>50,040,782</u>	<u>18,673,261</u>	<u>68,714,043</u>
<b>Expenditures:</b>			
Current -			
General government	7,868,486	872,586	8,741,072
Public safety	24,643,264	2,001,299	26,644,563
Public works	6,688,716	3,895,558	10,584,274
Culture and recreation	7,688,283	1,028,094	8,716,377
Economic development	2,770,148	697,235	3,467,383
Capital outlay	398,508	24,149,586	24,548,094
Debt service -			
Principal		2,097,825	2,097,825
Interest and fiscal charges		1,601,563	1,601,563
<b>Total expenditures</b>	<u>50,057,405</u>	<u>36,343,746</u>	<u>86,401,151</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(16,623)</u>	<u>(17,670,485)</u>	<u>(17,687,108)</u>
<b>Other financing sources (uses):</b>			
Loan proceeds		231,639	231,639
Transfers in	101,650	7,102,531	7,204,181
Transfers out	(5,477,621)	(1,726,560)	(7,204,181)
<b>Total other financing sources (uses)</b>	<u>(5,375,971)</u>	<u>5,607,610</u>	<u>231,639</u>
<b>Changes in fund balances</b>	<u>(5,392,594)</u>	<u>(12,062,875)</u>	<u>(17,455,469)</u>
<b>Fund balances, beginning of year</b>	19,180,448	33,046,512	52,226,960
<b>Fund balances, end of year</b>	<u>\$ 13,787,854</u>	<u>\$ 20,983,637</u>	<u>\$ 34,771,491</u>

The notes to the financial statements are an integral part of this statement.



**CITY OF RIO RANCHO, NEW MEXICO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2008**

**Net Changes in Fund Balances - Total Governmental Funds** **\$ (17,455,469)**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	23,399,838	
Less current year depreciation	<u>(8,334,259)</u>	15,065,579

Capital assets contributed by developers to the City are not recorded in the governmental funds as they do not provide current financial resources but are recognized in the Statement of Activities as program revenues.

10,123,289

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Loss on sale of capital assets	(1,974,324)	
Amortization of bond issuance costs	(22,391)	
Amortization of deferred charges	(19,158)	
Compensated absences	<u>(2,014,495)</u>	(4,030,368)

Revenue that are deferred in the governmental funds because they do not provide current financial resources are included in the Statement of Activities.

Property taxes	407,702	
Amortization of bond premium	<u>59,490</u>	467,192

Repayment of long-term debt principal are expenditures in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.

General obligation bonds retirement	750,000	
Revenue bonds retirement	780,000	
Notes payable retirement	<u>567,825</u>	2,097,825

The issuance of long-term debt provides and uses current financial resources in the governmental funds, but the issuance increases long-term liabilities and the related deferred items in the Statement of Net Assets.

(231,639)

**Change in Net Assets in Governmental Activities**

**\$ 6,036,409**

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**CITY OF RIO RANCHO, NEW MEXICO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property taxes	\$ 7,743,173	\$ 8,977,991	\$ 8,829,698	\$ (148,293)
Municipal and state shared taxes	31,306,188	30,806,188	28,384,391	(2,421,797)
License and permits	358,048	376,048	362,924	(13,124)
Intergovernmental	2,117,725	2,238,503	1,401,163	(837,340)
Charges for services	4,887,148	4,717,877	5,221,781	503,904
Fines and forfeits	1,091,086	1,091,086	1,087,997	(3,089)
Franchise fees	2,788,974	2,859,974	2,764,053	(95,921)
Investment income	750,000	650,000	502,838	(147,162)
Other revenues	1,602,755	1,866,252	1,485,937	(380,315)
<b>Total revenues</b>	<u>52,645,097</u>	<u>53,583,919</u>	<u>50,040,782</u>	<u>(3,543,137)</u>
<b>Expenditures:</b>				
Current -				
General government	7,888,375	8,458,073	7,868,486	589,587
Public safety	22,387,817	23,064,394	24,643,264	(1,578,870)
Public works	7,271,645	7,830,271	6,688,716	1,141,555
Culture and recreation	9,003,382	9,155,089	7,688,283	1,466,806
Economic development	3,190,016	3,391,389	2,770,148	621,241
Capital outlay	279,590	893,145	398,508	494,637
<b>Total expenditures</b>	<u>50,020,825</u>	<u>52,792,361</u>	<u>50,057,405</u>	<u>2,734,956</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,624,272</u>	<u>791,558</u>	<u>(16,623)</u>	<u>(808,181)</u>
<b>Other financing sources (uses):</b>				
Transfers in	102,850	152,850	101,650	(51,200)
Transfers out	(8,243,626)	(8,887,876)	(5,477,621)	3,410,255
<b>Total other financing sources (uses)</b>	<u>(8,140,776)</u>	<u>(8,735,026)</u>	<u>(5,375,971)</u>	<u>3,359,055</u>
<b>Change in fund balances</b>	<u>(5,516,504)</u>	<u>(7,943,468)</u>	<u>(5,392,594)</u>	<u>2,550,874</u>
<b>Fund balances, July 1, 2007</b>	12,913,295	14,625,295	19,180,448	4,555,153
<b>Fund balances, June 30, 2008</b>	<u>\$ 7,396,791</u>	<u>\$ 6,681,827</u>	<u>\$ 13,787,854</u>	<u>\$ 7,106,027</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF RIO RANCHO, NEW MEXICO**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2008**

	Enterprise Funds		
	Utilities	Multi-Purpose Event Center	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 49,214,154	\$ 122,332	\$ 49,336,486
Accounts receivable	5,239,918		5,239,918
Due from federal government	1,109,929		1,109,929
Due from state government	128,174	250,000	378,174
Total current assets	55,692,175	372,332	56,064,507
Noncurrent assets:			
Restricted investments	8,406,105	2,877,972	11,284,077
Deferred bond issuance costs	1,428,284	481,017	1,909,301
Deferred refunding charges	4,280,092		4,280,092
Deferred bond discount	137,011	264,096	401,107
Goodwill (net of amortization)	4,822,694		4,822,694
Land	7,898,454	332,500	8,230,954
Land improvements	3,841,509		3,841,509
Infrastructure	87,443,782		87,443,782
Buildings and improvements	25,907,594	40,786,989	66,694,583
Vehicles, furniture and equipment	27,095,731	971,988	28,067,719
Construction in progress	38,688,488		38,688,488
Accumulated depreciation	(28,792,326)	(180,264)	(28,972,590)
Total noncurrent assets	181,157,418	45,534,298	226,691,716
<b>Total assets</b>	<b>236,849,593</b>	<b>45,906,630</b>	<b>282,756,223</b>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	5,516,545	13,584	5,530,129
Accrued payroll	35,987		35,987
Accrued interest payable	857,233	135,843	993,076
Compensated absences payable	68,353		68,353
Note payable	452,427		452,427
Revenue bonds payable	4,530,000	1,165,000	5,695,000
Deposits held for others	1,284,992		1,284,992
Total current liabilities	12,745,537	1,314,427	14,059,964
Noncurrent liabilities:			
Note payable	7,962,218		7,962,218
Revenue bonds payable	115,040,000	33,465,000	148,505,000
Deferred bond premium	1,811,012		1,811,012
Total non-current liabilities	124,813,230	33,465,000	158,278,230
<b>Total liabilities</b>	<b>137,558,767</b>	<b>34,779,427</b>	<b>172,338,194</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	64,457,727	8,026,326	72,484,053
Restricted for:			
Debt service	8,406,105	2,877,972	11,284,077
Unrestricted	26,426,994	222,905	26,649,899
<b>Total net assets</b>	<b>\$ 99,290,826</b>	<b>\$ 11,127,203</b>	<b>\$ 110,418,029</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF RIO RANCHO, NEW MEXICO**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Enterprise Funds		
	Utilities	Multi-Purpose Event Center	Total
<b>Operating revenues:</b>			
Charges for services - water	\$ 17,048,390	\$	\$ 17,048,390
Charges for services - wastewater	11,623,418		11,623,418
Charges for services - event center		864,634	864,634
<b>Total operating revenues</b>	<u>28,671,808</u>	<u>864,634</u>	<u>29,536,442</u>
<b>Operating expenses:</b>			
Administration	2,962,144	144,106	3,106,250
Production costs	9,325,936		9,325,936
Depreciation	3,571,754	180,264	3,752,018
<b>Total operating expenses</b>	<u>15,859,834</u>	<u>324,370</u>	<u>16,184,204</u>
<b>Operating income</b>	<u>12,811,974</u>	<u>540,264</u>	<u>13,352,238</u>
<b>Nonoperating revenues (expenses):</b>			
Interest expense	(7,283,143)	(1,753,049)	(9,036,192)
Intergovernmental	9,675,251	1,650,000	11,325,251
Amortization of deferred bond items	(354,623)	(39,217)	(393,840)
Impact fees	1,233,836		1,233,836
Amortization of goodwill	(178,895)		(178,895)
Investment income	2,551,532	159,665	2,711,197
Other revenues	47,603		47,603
Other expenses	(56,709)		(56,709)
<b>Total nonoperating revenues (expenses)</b>	<u>5,634,852</u>	<u>17,399</u>	<u>5,652,251</u>
<b>Income before capital contributions and transfers</b>	<u>18,446,826</u>	<u>557,663</u>	<u>19,004,489</u>
<b>Capital contributions</b>	<u>1,967,635</u>	<u>444,006</u>	<u>2,411,641</u>
<b>Changes in net assets</b>	<u>20,414,461</u>	<u>1,001,669</u>	<u>21,416,130</u>
<b>Total net assets, beginning of year</b>	78,876,365	10,125,534	89,001,899
<b>Total net assets, end of year</b>	<u>\$ 99,290,826</u>	<u>\$ 11,127,203</u>	<u>\$ 110,418,029</u>

The notes to the financial statements are an integral part of this statement.

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**CITY OF RIO RANCHO, NEW MEXICO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2008**

	<b>Enterprise Funds</b>		
	<b>Utilities</b>	<b>Multi-Purpose Event Center</b>	<b>Total</b>
<b><u>Increase (Decrease) In Cash and Cash Equivalents</u></b>			
Cash flows from operating activities:			
Cash received from customers	\$ 28,175,441	\$ 864,634	\$ 29,040,075
Cash payments to employees	(2,009,134)		(2,009,134)
Cash payments to suppliers for goods and services	(7,405,924)	(168,160)	(7,574,084)
<b>Net cash provided by (used for) operating activities</b>	<b>18,760,383</b>	<b>696,474</b>	<b>19,456,857</b>
Cash flows from noncapital financing activities:			
Intergovernmental revenues	8,573,929	1,400,000	9,973,929
<b>Net cash provided by (used for) noncapital     and related financing activities</b>	<b>8,573,929</b>	<b>1,400,000</b>	<b>9,973,929</b>
Cash flows from capital and related financing activities:			
Net acquisition of capital assets	(31,317,412)	(58,327)	(31,375,739)
Payment of principal on long-term debt	(4,774,249)	(1,120,000)	(5,894,249)
Interest paid on bonds	(7,145,697)	(1,756,786)	(8,902,483)
Development impact fees	1,233,836		1,233,836
<b>Net cash provided by (used for) capital     and related financing activities</b>	<b>(42,003,522)</b>	<b>(2,935,113)</b>	<b>(44,938,635)</b>
Cash flows from investing activities:			
Investment income	2,551,532	159,665	2,711,197
<b>Net cash provided by investing Activities</b>	<b>2,551,532</b>	<b>159,665</b>	<b>2,711,197</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(12,117,678)</b>	<b>(678,974)</b>	<b>(12,796,652)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>61,309,358</b>	<b>801,306</b>	<b>62,110,664</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 49,191,680</b>	<b>\$ 122,332</b>	<b>\$ 49,314,012</b>
<b><u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</u></b>			
Operating income	\$ 12,811,974	\$ 540,264	13,352,238
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	3,571,754	180,264	3,752,018
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(517,295)		(517,295)
Increase (decrease) in accounts payable	2,884,259	(24,054)	2,860,205
Increase (decrease) in accrued liabilities	2,261		2,261
Increase (decrease) in compensated absences payable	(13,498)		(13,498)
Increase (decrease) in deposits held for others	20,928		20,928
<b>Total adjustments</b>	<b>5,948,409</b>	<b>156,210</b>	<b>6,104,618</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 18,760,383</b>	<b>\$ 696,474</b>	<b>\$ 19,456,856</b>
<b>Non-cash investing capital and financing activities:</b>			
Capital assets acquired through contributions from developers	\$ 1,967,635	\$ 444,006	\$ 2,411,641

**CITY OF RIO RANCHO, NEW MEXICO**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2008**

	<u>Agency</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 1,698,588
<b>Total assets</b>	<u>\$ 1,698,588</u>
<b><u>LIABILITIES</u></b>	
Deposits held for others	1,698,588
<b>Total liabilities</b>	<u>\$ 1,698,588</u>

The notes to the financial statements are an integral part of this statement.



## **NOTES TO FINANCIAL STATEMENTS**

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**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Rio Rancho (City) was incorporated in 1981 and the voters approved a home rule amendment to the charter in 1992. The City operates under a manager-council form of government with six council members.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's significant accounting policies are described below.

**A. Reporting Entity**

The City's major operations include police and fire protection, library, parks and recreation, certain community and social services and general administrative services. In addition, the City owns and operates two enterprise funds, which includes a Utilities Fund for water and wastewater operations and the Multi-purpose Event Center.

The financial reporting entity consists of a primary government and its component units. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the City for financial statement presentation purposes, and the City is not included in any other governmental reporting entity. Consequently, the City's financial statements include only the financial activity of those organizational entities for which its elected governing body is financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the City as a whole. The reported information includes all of the nonfiduciary activities of the City and its component units. For the most part, the effect of internal activity has been removed from these statements. These statements distinguish between governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes,

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

investment income and other items not included among program revenues, but are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide Financial Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. In addition, the fiduciary fund financial statements are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements, however the effect of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their exchange value. The City does not allocate indirect expense to functions in the statement of activities.

**Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In addition, derived tax revenues, such as gross receipts and gasoline taxes, are recognized as revenues when the underlying exchange transaction has occurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, gross receipts taxes, state shared taxes, franchise fees, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenue also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Property taxes recognized are net of estimated refunds and uncollectible amounts. Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

The City reports the following major governmental funds.

General Fund – This fund accounts for all financial resources of the City, except those required to be accounted for in other funds.

The City reports the following major proprietary funds.

Utilities Fund – This enterprise fund is used to account for all operations of the water and wastewater systems.

Multi-Purpose Event Center Fund – This enterprise fund is used to account for all construction and operations of the multi-purpose event center.

Additionally, the City reports the following fund type:

Fiduciary Fund – The Fiduciary Fund consists of agency funds which account for assets held by the City on behalf of others and includes the Special Assessment District V, VI, and VII Bonds Fund, the Municipal Court Fund, the Motor Vehicle Division Fund, and the Rio Rancho Economic Development Fund. These funds account for monies temporarily held by the City as an agent.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the City's enterprise funds are charges to customers for water and wastewater services and the event center. Operating expenses for this fund include production costs, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**D. Investments**

New Mexico Statutes Annotated (NMSA) authorizes the City to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of New Mexico, counties, cities, towns, school districts, and special districts as specified by statute.

The State of New Mexico local government investment pool is a pool that is not registered with the United States Securities Exchange Commission. Section 6-10-101, NMSA 1978, empowers the State Treasurer, with the advise and consent of the State Board of Finance, to invest money held in the short-term investment in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary. The investment in the State of New Mexico local government investment pool approximates the value of the participant's pool share.

A significant portion of the cash and investments of funds of the City is pooled for investment purposes. The balance reported for each participating fund as "Cash and Investments" represents the equity of that fund in the pooled cash and investments. Interest earnings on pooled investments are allocated to the participating funds based on average daily balances.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

**E. Investment Income**

Investment income is composed of interest and net changes in the fair value of applicable investments.

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**F. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All trade receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes attach as a lien on property as of January 1. Taxes are levied each year on July 1 on the taxable valuation of property located within the City as of the preceding January 1. The taxable valuation for the various classes of property are determined by the Sandoval County Assessor and the State of New Mexico Department of Finance and Administration (DFA), Local Government Division at one-third of assessed valuation. Property in the City for the fiscal year 2008 tax levy had a taxable value of \$2,094,127,810. The rate of taxes for operating purposes for all taxing jurisdictions is limited by the State Constitution to 20 mils (\$20 per \$1,000 assessed valuation), of which the City’s portion, by state regulation, is limited to 4.81 mils. The 2007 weighted average residential and non-residential City rate for both operations and debt service was 7.907 mils. Property taxes are payable in two equal installments due on November 10<sup>th</sup> of the current year and April 10<sup>th</sup> of the following year and become delinquent after 30 days.

**G. Capital Assets**

Capital assets, which include land and improvements, buildings and improvements, vehicles, furniture, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Software is capitalized when acquired while library books are not capitalized because the aggregated cost of books is considered immaterial. Donated capital assets are recorded at estimated fair market value at the date of donation.

General government infrastructure assets acquired prior to July 1, 2002 consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1981. These infrastructure assets are reported at estimated historical cost using deflated replacement cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Certain capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20
Improvements other than buildings	20
Public domain infrastructure	15-65
System infrastructure	30
Vehicles	8
Furniture and equipment	5

**H. Compensated Absences**

The City's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Vacation benefits vest immediately at the employee's current rate of pay. Sick leave benefits may be converted to vacation leave at specified rates upon retirement after 10 or more years of service; however, the sick leave benefits do not vest. The current and long-term liabilities for accumulated vacation leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Resources from the General and Special Revenue Funds are used to pay for compensated absences.

**I. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs, and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**J. Net Assets Restriction and Fund Balance Reservations**

In the government-wide financial statements only restrictions imposed by external sources or enabling legislation are identified as restricted net assets.

In the fund financial statements, governmental funds report reservations or designations of fund balance for amounts that are not available for expenditures or identified for use of a specific purpose by the City. At June 30, 2008, the City had no reservations of fund balance in the governmental funds.

**K. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

**L. Budgets**

The General, Special Revenue, Debt Service, Capital Projects, and Proprietary Fund budgets are subject to approval by the New Mexico Department of Finance and Administration (DFA), Local Government Division.

During the month of May, public hearings are conducted to obtain taxpayer comments. Prior to June 1, the City submits to the DFA a proposed operating budget for the fiscal year commencing the following July 1. The budget is prepared by fund and function and includes proposed expenditures, which include carryover encumbrances and accounts payable, and the means of financing them. Prior to July 1, DFA grants interim approval for the City to operate on the proposed budget subject to adjustments and/or revisions prior to final subsequent approval before the first Monday in September. Such approval is contingent upon the City Council adopting the proposed budget in accordance with applicable state statutes, and sufficient funds being available for anticipated fiscal year expenditures. Prior to July 31, the City Council adopts by resolution a formal budget and such budget is presented to DFA for final approval.

Section 6-6-6, NMSA, 1978 Compilation prohibits municipalities from making expenditures in excess of the approved budget. For these purposes the budget referred to is the fund's total budget.

The adopted budget of the City is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)**

**M. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**N. Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at June 30, 2008 were cash in bank, investments held by the State Treasurer, and investments held by City.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At June 30, 2008, the carrying amount of the City's deposits was \$19,777,436 and the bank was \$19,426,972. The difference represents outstanding checks, deposits, and other reconciling items. In addition, the City has \$5,008 of cash on hand at June 30, 2008.

***Custodial credit risk – deposits.*** The risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a specific deposit policy for custodial credit risk; however, under New Mexico law, all deposits with financial institutions must be collateralized in an amount not less than 50% of the uninsured balance. The City's agreement with its sole depository requires pledged collateral of 102% of the public money in each account. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2008, \$19,326,972 of the City's bank balance was exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department.

The pledged collateral by bank at June 30, 2008, consists of the following.

Total amount on deposit	\$19,426,972
Less FDIC coverage	(100,000)
Total uninsured public funds	19,326,972
50% collateral requirement	9,663,486
Pledged securities, fair value	39,828,177
Pledged in excess of requirement	<u>\$30,164,691</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Cont'd)**

As of June 30, 2008, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Commercial Paper	\$ 17,497,513	\$ 17,497,513	
Money Market – U.S. Treasury	515,793	515,793	
State Treasurer's Investment Pool	38,303,446	38,303,446	
Certificate of Deposit	17,200,000	17,200,000	
Total	<u>\$ 73,516,752</u>	<u>\$ 73,516,752</u>	<u>\$</u>

**Interest rate risk.** In order to limit interest and market rate risk from changes in interest rates, the City's adopted Investment Policy sets a maximum maturity on any investment of three (3) years with the exception of bond or trust funds which should be matched to the planned expenditures of the funds.

As of June 30, 2008, the portfolio contained no holding with a stated maturity beyond one year. The securities in the portfolio were all Commercial Paper, Certificate of Deposit, and Money Market Funds. As of June 30, 2008, the weighted average maturity of the State Treasurer's local government investment pool was 46 days.

**Credit quality risk.** A primary stated objective of the City's adopted Investment Policy is the safety of principal and avoidance of principal loss. Risk is controlled by investment in the highest credit quality investments as defined by its adopted Policy and state law. The investments primary objective is to ensure that capital losses are avoided, whether from security defaults or erosion of market value.

Credit risk within the City's portfolio among the authorized investments approved by the City's adopted Investment Policy includes only:

- repurchase agreements with depository institutions,
- time and demand deposits of New Mexico banks,
- savings and loan association deposits,
- investment grade obligations of state and local governments,
- commercial paper,
- money market mutual funds, and
- State Treasurer's local government investment pool.

All other investments are rated AAA, or equivalent, by at least one nationally recognized rating agency. Investments are made primarily in obligations of the U.S. Government, its agencies or instrumentalities. The City's adopted Investment Policy restricts investment in banker's acceptances and mortgage-backed derivative securities.

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Concl'd)**

The City's Policy and state law restrict certificates of deposit to those which are fully collateralized or insured and issued by eligible depositories in New Mexico. Such CDs are further collateralized to 100% with pledged U.S. obligations securities held by an independent custodian.

State and municipal obligations from entities within the United States must have a taxable valuation of real property for the preceding year of at least \$1 million and that has not defaulted in bond obligations within the preceding five years.

Money market mutual funds must be registered under the 1940 Act and must have assets of at least \$100 million. The City's Policy does not require that SEC registered money market mutual funds be rated as to investment quality.

The *New MexiGROW* Local Government Investment Pool (LGIP), a government investment pool is rated AAAm by Standard & Poor's and is authorized by the New Mexico State statute.

***Concentration of credit risk.*** The City's adopted Investment Policy stresses diversification on all investments. With the exception of U.S. Treasuries, the City's Policy allows no more than 50% of the total portfolio to be invested in any single investment type, any single financial institution, or single maturity. As of June 30, 2008, the City's portfolio primarily was in State Treasurer's local government investment pool.

***Custodial credit risk – securities.*** To control custody risk State law and the City's adopted Investment Policy requires all securities and all collateral for time and demand deposits as well as repurchase agreement collateral be transferred delivery versus payment and held by an independent party approved by the City. All securities and collateral are held in the City's name. The custodian is required to provide original safekeeping receipts. Repurchase agreements and deposits must be collateralized to 102% and 100% respectively.

The City's investment in the New Mexico State Treasurer's Investment Pool represents a proportionate interest in the Pool's portfolio. The City's portion is not identified with specific investments and is not subject to custodial risk; however, separately issued financial statements of the Office of the State Treasurer disclose the collateral pledged to secure the State Treasurer's cash and investments. The most recent report may be obtained by contacting the Office of the State Treasurer, P.O. Box 608, Santa Fe, NM 8754-0608.

**NOTE 3 - RECEIVABLES**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and Proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

**CITY OF RIO RANCHO, NEW MEXICO**  
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**JUNE 30, 2008**

**NOTE 3 – RECEIVABLES (Concl'd)**

	<u>Unavailable</u>	<u>Unearned</u>
Governmental Funds:		
Delinquent property taxes receivable (General Fund)	\$ 484,633	\$
Customer deposits (General Fund)		195,015
Confiscations (General Fund)		45,799
Delinquent property taxes receivable (Non-major Funds)	<u>236,065</u>	
Total deferred revenue for governmental funds	<u>\$ 720,698</u>	<u>\$ 240,814</u>

**NOTE 4 – CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year ended June 30, 2008 follows.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$51,035,680	\$4,025,690	\$70,087	\$54,991,283
Construction in progress	<u>56,142,981</u>	<u>24,397,692</u>	<u>14,336,378</u>	<u>66,204,295</u>
Total capital assets, not being depreciated	<u>107,178,661</u>	<u>28,423,382</u>	<u>14,406,464</u>	<u>121,195,579</u>
Capital assets, being depreciated:				
Infrastructure	176,525,777	11,445,292		187,971,069
Buildings and improvements	15,649,095	1,607,405	3,089,497	14,167,003
Land improvements	5,652,595	3,773,721		9,426,316
Vehicles, furniture and equipment	<u>20,520,385</u>	<u>2,679,792</u>	<u>993,466</u>	<u>22,206,711</u>
Total capital assets being depreciated	<u>218,347,852</u>	<u>19,506,209</u>	<u>4,082,963</u>	<u>233,771,098</u>
Less accumulated depreciation for:				
Infrastructure	(97,609,272)	(5,970,259)		(103,579,531)
Buildings and improvements	(4,056,940)	(254,688)	(1,206,814)	(3,104,815)
Land improvements	(2,113,790)	(347,597)		(2,461,387)
Vehicles, furniture and equipment	<u>(11,416,947)</u>	<u>(1,761,715)</u>	<u>(901,825)</u>	<u>(12,276,837)</u>
Total accumulated depreciation	<u>(115,196,949)</u>	<u>(8,334,259)</u>	<u>(2,108,639)</u>	<u>(121,422,569)</u>
Total capital assets, being depreciated, net	<u>103,150,903</u>	<u>11,171,950</u>	<u>1,974,325</u>	<u>112,348,529</u>
Governmental activities capital assets, net	<u>\$210,329,564</u>	<u>\$39,595,332</u>	<u>\$16,380,789</u>	<u>\$233,544,108</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 4 – CAPITAL ASSETS (Concl'd)**

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$6,374,915	\$1,863,824	\$7,785	\$8,230,954
Construction in process	62,399,396	29,964,169	53,675,077	38,688,488
Total capital assets not being depreciated	68,774,311	31,827,993	53,682,862	46,919,442
Capital assets, being depreciated:				
Buildings and improvements	23,705,355	42,989,228		66,694,583
System infrastructure	82,550,944	4,895,079	2,241	87,443,782
Vehicles, furniture and equipment	20,592,004	7,858,224	382,509	28,067,719
Land improvements	3,841,509			3,841,509
Total capital assets being depreciated	130,689,812	55,742,531	384,750	186,047,593
Less accumulated depreciation for:				
Buildings and improvements	(5,498,027)	(686,109)		(6,184,136)
System infrastructure	(10,067,350)	(1,301,545)		(11,368,895)
Vehicles, furniture and equipment	(9,406,169)	(1,670,864)	(284,466)	(10,792,567)
Land and improvements	(533,492)	(93,500)		(626,992)
Total accumulated depreciation	(25,505,039)	(3,752,018)	(284,466)	(28,972,590)
Total capital assets, being depreciated, net	105,184,773	51,990,513	100,284	157,075,003
Business-type activities capital assets, net	<u>\$173,959,084</u>	<u>\$83,818,507</u>	<u>\$53,783,146</u>	<u>\$203,994,445</u>

Depreciation expense was charged to functions/programs as follows.

Governmental Activities:

General government	\$75,809
Public safety	1,160,167
Public works	6,325,291
Culture and recreation	736,230
Economic development	36,762
Total depreciation expense – governmental activities	<u>\$8,334,259</u>

Business-Type Activities:

Event center	\$180,264
Water	1,756,950
Wastewater	1,814,804
Total depreciation expense – business-type activities	<u>\$3,752,018</u>

**Construction Commitments** - As of June 30, 2008, the City was involved in several construction projects. The estimated cost to complete the construction projects is \$74,970,693.

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 5 – LONG-TERM LIABILITIES**

**A. General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 10 to 15 year serial bonds with varying amounts of principal maturing each year. General Obligation bonds outstanding as reported in governmental activities at June 30, 2008 were as follows.

	<u>Outstanding June 30, 2008</u>
Governmental Activities General Obligation Bonds:	
\$5,000,000 General Obligation, Series 2002, due in annual installments of \$250,000 to \$600,000 through 8/1/2014; interest at 3.6 percent to 5.0 percent	2,975,000
\$5,500,000 General Obligation, Series 2004, due in annual installments of \$75,000 to 725,000 through 8/1/2016; interest at 3.15 percent to 4.0 percent	4,750,000
\$7,000,000 General Obligation, Series 2006, due in annual installments of \$300,000 to \$1,150,000 through 8/1/2018; interest at 4.0 percent to 5.0 percent	<u>6,600,000</u>
Total Governmental Activities General Obligation Bonds	<u>\$14,325,000</u>

**B. Gross Receipts Tax Revenue Bonds**

Gross receipts tax revenue bonds are issued specifically for the acquisition and construction of major capital facilities. These bonds are secured by a pledge of gross receipts tax revenue. Gross receipts tax revenue bonds outstanding as reported in governmental activities at June 30, 2008 were as follows.

	<u>Outstanding June 30, 2008</u>
Governmental Activities Revenue Bonds:	
\$4,465,000 Gross Receipts Tax Refunding Bonds, Series 2003, due in annual installments of \$300,000 to \$615,000, through 06/1/2012; interest at 2.75 percent to 4.132 percent	\$2,085,000
\$18,130,000 Gross Receipts Tax Bonds, Series 2005, due in annual installments of \$210,000 to \$1,625,000, through 06/01/2025; interest at 3.0 percent to 5.0 percent	<u>17,360,000</u>
Total Governmental Activities Revenue Bonds	<u>\$19,445,000</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 5 – LONG-TERM LIABILITIES (Cont'd)**

**C. Water and Wastewater Revenue Bonds**

Water and Wastewater revenue bonds are issued and authorized by the governing body to provide funds to acquire and construct certain improvements to the water and wastewater systems of the City and to pay the costs incurred in connection with the issuance of the bonds. These bonds are secured by a pledge of revenues of the systems, and do not constitute a general obligation of the City backed by the general taxing authority. Water and Wastewater system revenue bonds outstanding as reported in business-type activities at June 30, 2008 were as follows.

	Outstanding June 30, 2008
Business-Type Activities Revenue Bonds:	
\$72,155,000 Water & Wastewater Refunding Bonds, Series 1999, due in annual installments of \$2,945,000 to \$6,175,000 through 5/15/2022; interest at 4.75 percent to 5.25 percent.	\$64,280,000
\$4,395,000 Water & Wastewater System Bonds, Series 2004, due in annual installments of \$170,000 to \$310,000 through 5/15/2024; interest at 2.375 percent to 4.5 percent	3,750,000
\$21,225,000 Water & Wastewater System Bonds, Series 2005, due in annual installments of \$715,000 to \$1,580,000 through 5/15/2025; interest at 3.25 percent to 5.0 percent	18,920,000
\$32,930,000 Water & Wastewater System Bonds, Series 2007, due in annual installments of \$310,000 to \$3,235,000 through 5/15/2032; interest at 4.0 percent to 4.5 percent	32,620,000
Total Business-Type Activities Revenue Bonds	<u>\$119,570,000</u>

**D. Event Center Revenue Bonds**

The Event Center revenue bonds are issued to provide for acquiring land for, and designing, purchasing, constructing, remodeling, rehabilitation, renovation, improving, equipping and furnishing, a municipal event center. These bonds are secured by a pledge of revenues from rentals, receipts, fees or other charges imposed from the event center. Event center revenue bonds outstanding as reported in business-type activities at June 30, 2008 were as follows.

	Outstanding June 30, 2008
Business-Type Activities Revenue Bonds:	
\$35,750,000 Taxable Event Center Revenue Bonds, Series 2005, due in annual installments of \$1,120,000 to \$2,735,000 through 5/15/2027; interest at 4.20 percent to 5.15 percent	\$34,630,000
Total Business-Type Activities Revenue Bonds	<u>\$34,630,000</u>



**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 5 – LONG-TERM LIABILITIES (Cont'd)**

**E. Note Payable**

The City has entered into intercept agreements with the State of New Mexico Finance Authority (NMFA) for the purchase of capital equipment and facilities. Notes payable outstanding as reported in the governmental activities at June 30, 2008 were as follows.

	Outstanding June 30, 2008
Governmental Activities Revenue Bonds:	
\$1,371,188 Note Payable, Golf Course Road, due in annual installments of \$41,214 to \$99,075 through 5/1/2017; interest at 2.71 percent to 4.90 percent.	\$348,681
\$1,047,000 Note Payable, Unser Boulevard, due in annual installments of \$325,677 to 390,903 through 3/1/2009; interest at 1.50 percent.	325,677
\$1,649,286 Note Payable, Fire Equipment, due in annual installments of \$35,000 to \$146,015 through 5/1/2022; interest at 3.32 percent to 3.91 percent	1,614,286
\$231,639 Note Payable, Street Sweeper, due in annual installments of \$68,137 to \$82,800 through 5/1/2011; interest at 2.32 percent to 2.90 percent	231,639
Total Notes Payable	<u>\$2,520,283</u>

**F. Loan Payable**

A loan was issued by the New Mexico Environment Department under the Clean Water State Revolving Loan Fund, which is also known as the Wastewater Facility Construction Loan Program. The loan proceeds were used for wastewater treatment system upgrades to increase capacity, biological nutrient removal and other approved wastewater treatment improvements. Loan payable outstanding as reported in the business-type activities at June 30, 2008 were as follows.

	Outstanding June 30, 2008
Business-Type Activities Loan Payable:	
\$10,486,627 Note Payable, Wastewater Facility Construction, due in annual installments of \$426,456 to \$684,336 through 12/02/2023; interest at 3.0 percent.	\$8,414,645
Total Loan Payable	<u>\$8,414,645</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
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**NOTE 5 – LONG-TERM LIABILITIES (Cont'd)**

**G. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2008 was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$15,075,000	\$	\$750,000	\$14,325,000	\$2,150,000
Revenue bonds	20,225,000		780,000	19,445,000	800,000
Notes payable	2,856,469	231,639	567,825	2,520,283	583,662
Compensated absences	1,937,691	5,372,934	3,358,437	3,952,187	3,952,187
Totals	<u>\$40,094,160</u>	<u>\$5,604,573</u>	<u>\$5,456,262</u>	<u>\$40,242,470</u>	<u>\$7,485,849</u>
Business-Type Activities:					
Revenue bonds	\$159,655,000	\$	\$5,455,000	\$154,200,000	\$5,695,000
Loan payable	8,853,894		439,249	8,414,645	452,427
Compensated absences	81,851	92,792	106,290	68,353	68,353
Totals	<u>\$168,590,745</u>	<u>\$92,792</u>	<u>\$6,000,539</u>	<u>\$162,682,998</u>	<u>\$6,215,780</u>

**H. Special Assessment Bonds**

Special Assessment Bonds are used to construct projects within special assessment districts created by the City after property owners within these districts agree to be assessed for the costs of debt service on these bonds. Payments made by the assessed property owners within the districts are pledged to pay the debt service on the bonds. In the event of default by a property owner, the lien created by the assessment is sold at public action and the proceeds are used to offset the defaulted assessment.

As trustee for improvement districts, the City is solely responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. The City is not obligated in any manner to pay the debt service payments on the Special Assessment Bonds with any general or other funds of the City. Special assessment bonds payable at June 30, 2008 were \$8,366,704.

**I. Statutory Debt Limitation**

The Constitution of the State of New Mexico limits the amount of general purpose government obligation bonds that may be issued by a municipality to four percent of the taxable valuation of

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 – LONG-TERM LIABILITIES (Cont'd)**

property located within the City. At June 30, 2008, based on the most recent assessed taxable valuation of \$2,094,127,810 the City may issue an additional \$69,440,112 of general purpose general obligation bonds.

**J. Bond Covenants**

Pursuant to certain bond indenture agreements, the City is obligated to various limitations and restrictions on annual debt service requirements, maintenance and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds and minimum revenue bond coverage's. The City is in compliance with all such significant limitations and restrictions.

**J. Debt Service Requirements to Maturity**

The following is a summary of debt service requirements to maturity, which includes interest, for all bonds and loans payable as of June 30, 2008.

	Governmental Activities						
Years ended June 30,	General Obligation Bonds		Revenue Bonds		Notes Payable		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	\$2,150,000	\$554,913	\$800,000	\$895,180	\$583,662	\$99,728	\$5,083,483
2010	1,300,000	484,113	825,000	871,180	264,509	76,168	3,820,970
2011	1,125,000	439,125	860,000	837,393	259,036	66,565	3,587,119
2012	1,100,000	397,938	885,000	808,374	177,227	56,722	3,425,261
2013	1,150,000	353,613	920,000	775,074	103,453	49,385	3,351,525
2014-2018	6,750,000	855,631	5,290,000	3,188,619	579,937	184,253	16,848,440
2019-2023	750,000	16,875	6,695,000	1,779,219	552,459	58,144	9,851,697
2024-2025			3,170,000	219,438			3,389,438
Total	\$14,325,000	\$3,102,206	\$19,445,000	\$9,374,475	\$2,520,283	\$590,966	\$49,357,933

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 5 – LONG-TERM LIABILITIES (Concl'd)**

Years ended June 30,	Business-Type Activities				Total
	Revenue Bonds		Notes Payable		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	\$5,695,000	\$7,353,778	\$452,427	\$252,439	\$13,753,644
2010	5,965,000	7,087,383	466,000	238,867	13,757,250
2011	6,265,000	6,807,114	479,979	224,887	13,776,980
2012	6,540,000	6,533,794	494,379	210,487	13,778,660
2013	6,845,000	6,220,075	509,210	195,656	13,769,941
2014-2018	39,500,000	25,950,090	2,784,570	739,760	68,974,420
2019-2023	45,265,000	15,295,079	3,228,080	296,250	64,084,409
2024-2028	26,000,000	6,035,173			32,035,173
2029-2032	12,125,000	1,394,100			13,519,100
Total	\$154,200,000	\$82,676,584	\$8,414,645	\$2,158,346	\$247,449,575

**NOTE 6 – OPERATING LEASES**

The City has entered into noncancelable operating leases for computers and office equipment. The operating lease expenditures for the year ended June 30, 2008 were \$480,178. The minimum lease payments are as follows.

Year ending June 30:

2009	\$204,445
2010	95,789
2011	83,516
2012	76,556
Total	<u>\$460,306</u>

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At June 30, 2008, interfund balances were as follows.

**Due to/from other funds:**

At June 30, 2008, Non-Major Governmental Funds had a \$713,152 interfund payable with the General Fund. These balances resulted from negative cash balances. All interfund balances are expected to be paid within one year.

**CITY OF RIO RANCHO, NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)**

**Interfund transfers:**

		Transfer in		
		Non-Major Governmental		
		General Fund	Funds	Total
Transfer out	General Fund		\$5,477,621	\$5,477,621
	Non-Major			
	Governmental	101,650	1,624,910	1,726,560
	Total	<u>\$101,650</u>	<u>\$7,102,531</u>	<u>\$7,204,181</u>

Interfund transfers were made by the City during the fiscal year to meet project-matching requirements to cover expenditures in the applicable funds. The circumstances that require budget transfers are many. In some cases, the responsibility for implementing a program is changed from one department to another. Management continually strives to make the organization more efficient, and budget transfers assist in achieving efficiency.

**NOTE 8 - CONTINGENT LIABILITIES**

**Federal and State grants and loans** - The City has received a number of grants and loans from both the Federal and State governments. Although the programs have been audited, not all audits have been approved as of June 30, 2008; however, the City expects no material disallowance of expenditures.

**Lawsuits** - The City is a defendant in a number of lawsuits as of June 30, 2008. It is the opinion of management and City counsel that the amount of losses resulting from these litigations at June 30, 2008, would not be material to the financial position of the City.

**NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Individual Deficit Fund Balances** - At June 30, 2008, the following individual non-major funds reported deficits in fund balance.

	Deficit
Non-Major Funds:	
Keep Rio Rancho Beautiful Grant	\$ 166
Senior Services	11,202
DPS Grants	47,198
Domestic Violence Response	43,945
HUD – CDBG II	51,259
Crime Victims Assistance	10,463
State Appropriation Capital Projects	272,620

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Concl'd)**

The deficits arose because of operations during the year and prior years. Additional revenues received in fiscal year 2008-09 are expected to eliminate the deficits.

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1985, the City was unable to obtain general property, worker's compensation and liability insurance at a cost it considered to be economically justifiable. Therefore, the City joined the New Mexico Self-Insurers' Fund Risk Pool (Pool), together with other cities and towns in the State. The Pool is a public entity risk pool currently operating as a common risk management and insurance program for member cities and towns. The City pays an annual premium to the Pool for its general insurance coverage. The agreement provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the annual aggregate per policy for general liability, property, and workers' compensation claims.

The City carries commercial insurance for all other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 11 - RETIREMENT PLAN**

**Plan Description** – Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article II NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit public employee retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost of living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy** – Plan members are required to contribute between 2.29% and 4.07% of their gross salary, depending upon the division worked in by the employee. The City is required to contribute between 6.86% and 21.25% of the gross covered salary depending upon the division worked in by the employee. The contribution requirements of the plan members and the City are established under State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The City's contributions to PERA for the years ended 2008, 2007, and 2006 were \$5,518,654, \$4,605,773 and \$3,997,829, respectively, which were equal to the amount of the required contributions for each year.

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 12 – POST-EMPLOYMENT BENEFITS**

**Plan Description** – The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two year; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Funding Policy** – The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 12 – POST-EMPLOYMENT BENEFITS (Concl'd)**

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The City's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$325,739, \$0 and \$0, respectively, which equal the required contributions for each year.

**NOTE 13 – FUTURE REPORTING REQUIREMENTS**

The Governmental Accounting Standards Board (GASB) issued Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires the City to recognize the cost of these benefits in periods when the related services are received by the City. In addition, the statement also requires additional disclosures about the actuarial accrued liabilities for promised benefits associated with past services in notes to the financial statements. The City will implement GASB Statement No. 45 for fiscal year ending 2009. Management is in the process of evaluating the effect of this statement on the City's financial statements.

**NOTE 14 – SUBSEQUENT EVENTS**

The City will install a \$14.8 million asset for the construction of a City Hall building that was funded through revenue bonds issued in 2005.

The City will install a \$10.0 million asset for the construction of an Aquatics center that was funded through a general obligation bond issued in 2006. Pulte Homes also contributed \$3.0 towards this project.

On July 16, 2008, the City issued \$13.2 million in Water and Wastewater Revenue Bonds to provide funds for financing the cost of water rights; funding water and wastewater system improvement projects; funding the reserve account; and paying all costs pertaining to the issuance of the bonds including the purchase of a municipal bond insurance policy.



**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

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**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2008**

	Special Revenue	Debt Service	Capital Projects	Total Non-Major Governmental Funds
<b><u>ASSETS</u></b>				
Cash and investments	\$ 5,984,851	\$ 3,822,108	\$ 12,122,271	\$ 21,929,230
Property taxes receivable		268,034		268,034
Accounts receivable	58,499			58,499
Due from federal government	213,435		578,834	792,269
Due from state government	258,887	292,037	206,010	756,934
<b>Total assets</b>	<u>\$ 6,515,672</u>	<u>\$ 4,382,179</u>	<u>\$ 12,907,115</u>	<u>\$ 23,804,966</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 355,486	\$	\$ 1,182,809	\$ 1,538,295
Accrued payroll	18,311			18,311
Accrued interest payable	10,391	297,650	7,465	315,506
Due to other funds	377,330		335,822	713,152
Deferred revenue		236,065		236,065
<b>Total liabilities</b>	<u>761,518</u>	<u>533,715</u>	<u>1,526,096</u>	<u>2,821,329</u>
Fund balances:				
Unreserved:				
Undesignated	5,754,154	3,848,464	11,381,019	20,983,637
<b>Total fund balances</b>	<u>5,754,154</u>	<u>3,848,464</u>	<u>11,381,019</u>	<u>20,983,637</u>
<b>Total liabilities and fund balances</b>	<u>\$ 6,515,672</u>	<u>\$ 4,382,179</u>	<u>\$ 12,907,115</u>	<u>\$ 23,804,966</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**YEAR ENDED JUNE 30, 2008**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues:</b>			
Property taxes	\$	\$ 3,620,273	\$
Municipal and state shared taxes	1,885,145	1,586,619	341,413
Intergovernmental	4,199,282		1,560,444
Impact fees			1,969,502
Charges for services	576,787		
Fines and forfeits	88,753		
Franchise fees	134,647		
Contributions and donations	35,554		
Investment income	251,915	69,813	749,790
Other revenues	129,456		1,473,868
<b>Total revenues</b>	<u>7,301,539</u>	<u>5,276,705</u>	<u>6,095,017</u>
<b>Expenditures:</b>			
Current -			
General government			872,586
Public safety	2,001,299		
Public works	2,872,453		1,023,105
Culture and recreation	1,013,872		14,222
Economic development	697,235		
Capital outlay	3,449,257		20,700,329
Debt service -			
Principal	75,000	1,530,000	492,825
Interest and fiscal charges	61,526	1,507,339	32,698
<b>Total expenditures</b>	<u>10,170,642</u>	<u>3,037,339</u>	<u>23,135,765</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,869,103)</u>	<u>2,239,366</u>	<u>(17,040,748)</u>
<b>Other financing sources (uses):</b>			
Loan proceeds	231,639		
Transfers in	1,789,020		5,313,511
Transfers out			(1,726,560)
<b>Total other financing sources (uses)</b>	<u>2,020,659</u>		<u>3,586,951</u>
<b>Change in fund balances</b>	<u>(848,444)</u>	<u>2,239,366</u>	<u>(13,453,797)</u>
<b>Fund balances, beginning of year</b>	6,602,598	1,609,098	24,834,816
<b>Fund balances, end of year</b>	<u>\$ 5,754,154</u>	<u>\$ 3,848,464</u>	<u>\$ 11,381,019</u>

Total  
Non-Major  
Governmental  
Funds

---

\$ 3,620,273  
3,813,177  
5,759,726  
1,969,502  
576,787  
88,753  
134,647  
35,554  
1,071,518  
1,603,324  

---

18,673,261

872,586  
2,001,299  
3,895,558  
1,028,094  
697,235  
24,149,586

2,097,825  
1,601,563  

---

36,343,746

---

(17,670,485)

231,639  
7,102,531  

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(1,726,560)  

---

5,607,610

---

(12,062,875)

33,046,512

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\$ 20,983,637

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**NON-MAJOR GOVERNMENTAL FUNDS**

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS:**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

***Donations Fund*** - To account for funds donated to the City of Rio Rancho. Expenditures from this fund will be used for the purposes specified by the donor. (Provided for by City Budget Resolution.)

***Recreation Activities and Vending Fund*** – To account for revenues received for recreation fees and vending machines placed in City facilities. Expenditures may be used for programs and activities, such as, classes and softball programs and various community projects. (Provided for by City Budget Resolution.)

***Recreation Fund*** – To account for revenues collected from taxes on cigarettes sold within City boundaries pursuant to the Cigarette Tax Act, NMSA 7-12-1 and 7-12-15. Expenditures from this fund may be used for recreational facilities and salaries of employees necessary for the operation of such facilities.

***Keep Rio Rancho Beautiful Grant Fund*** – To account for New Mexico Clean & Beautiful Litter Control & Beautification grant funds. Expenditures may be used for equipment, landscaping, program promotion, recycling, education, and anti-graffiti programs. (Pursuant to NMSA, Section 62-16-1 to 67-16-14.)

***Community Response Program*** – To account for Community Emergency Response Team federal grant funds. Expenditures from this fund may be used to find, train, equip and maintain citizen volunteer teams to respond to and support emergency operations. (Pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended 42 U.S.C. 5121 et seq.)

***Senior Services*** – To account for funds donated to the City of Rio Rancho. Expenditures from this fund will be used for the purpose specified by the donor. (Provided for by City Budget Resolution.)

***Library Fund*** – To account for grants, gifts, donations, devises or bequests made to the City, pursuant to NMSA 3-18-4, for the purpose of establishing, increasing or improving the library.

***Promotion and Marketing Fund*** – To account for promotional activities. Expenditures from this fund may be used for special events; promoting convention, exposition or entertainment facilities; or advertising and marketing facilities. (Provided for by City Budget Resolution.)

***Rio Rancho Convention & Visitors Bureau*** – To account for revenues collected from occupancy taxes (3%) levied within City boundaries pursuant to NMSA 3-38-15. Expenditures from this fund may be used for acquiring, constructing, improving, establishing, and operating convention, exposition or entertainment facilities; acquiring or obtaining an interest in such facilities; or advertising, publicizing, and promoting such facilities.

***Rio Vision Cable*** - To account for cable franchise fees (2%) received to operate and promote a public access television channel. (Provided for by City Budget Resolution.)



## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS (Cont'd)

***Local Government Corrections*** – To account for revenues collected from the assessment for correction fees and court costs, pursuant to NMSA 35-14-11. Expenditures from this fund may be used for municipal jailer or juvenile detention officer training; for planning, construction, operating and maintaining a municipal jail for juveniles in a detention facility; or for complying with match or contribution requirements for the receipt of Federal funds relating to jailing or juvenile detention facilities.

***Law Enforcement Fund*** – To account for State revenues received pursuant to the Law Enforcement Corrections Act, NMSA 29-13-3. Expenditures from this fund may be used for the repair and purchase of law enforcement apparatus and equipment, expenditures associated with advanced law enforcement planning and training, and complying with match or contribution requirements for receipt of Federal funds, and salaries for law enforcement personnel under certain conditions.

***DPS Enforcement Aid Fund*** – To account for revenue generated from asset forfeitures obtained through narcotics investigations. These revenues can be utilized for officer overtime, police equipment, undercover vehicles, purchase of evidence, training and other narcotic investigation related expenses. (Pursuant to the Attorney General's Guidelines on Seized and Forfeited Property, July 1990.)

***Traffic Education and Enforcement Aid Fund*** – To account for revenues received from the New Mexico Traffic Bureau for DWI checkpoint enforcement and safety belt enforcement. (Pursuant to NMSA 66-7-501 to 511)

***Fire Protection Fund*** – To account for State revenues received pursuant to the Fire Protection Fund Law, NMSA 59A-53-1. Expenditures from this fund may be used for the purchase, construction, operating, and maintenance of fire stations, except for the station's water supply system; fire apparatus and equipment; the payment of insurance premiums on the above; and for insurance premiums for injuries or death of firefighters.

***Emergency Medical Services (EMS) Fund*** – To account for State revenues received to the Emergency Medical Services Fund Act, 59A-53-1. Expenditures from this fund may be used for the establishment of emergency medical services; to acquire emergency medical services vehicles, equipment and supplies; and for training and licensing of local emergency management services personnel.

***DPS Grants Fund*** – To account for the following Federal and State grants: Operation DWI, Operation Buckle Down, Community DWI, Selective Traffic Enforcement Project (STEP), and NM Gang Task Force (NMGTTF). (Pursuant to Traffic Safety Act, NMSA 1978 sections 66-7-501 to 511, as amended and the Anti-Drug Abuse Act 1998, PL 100-690, Title VI, Subtitle C.)

***Environmental Gross Receipts Tax Fund*** – To account for municipal gross receipts tax revenues received to be used for the acquisition, construction, operation, and maintenance of solid waste facilities, water facilities, sewer systems, and related facilities. (Pursuant to NMSA, 1978 section 7-20E-17.)

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS (Concl'd)**

***Municipal Road Fund*** – To account for revenues received from the levy of a tax per gallon of gasoline purchased within City boundaries, pursuant to the County and Municipal Gasoline Tax Act, NMSA 7-1-6.9. Expenditures from this fund may be used for the construction of a street, ally, curb, gutter or sidewalk projects.

***Recreation Development Fund*** – To account for revenues received for the construction of park facilities. This fund is also used to account for transfers from the General Fund, grants and donations for the development and construction of park facilities. (Provided for by City Budget Resolution.)

***Equipment Replacement Fund*** – To account for funds transferred from the General Fund, recognizing the depreciation of assets and to provide a recurring source of funds for vehicles. (Provided for by City Budget Resolution.)

***Domestic Violence Response Fund*** – To account for federal funds used to encourage arrest policies and enforcement of protection orders. (Pursuant to 42 U.S.C. 3796hh-4)

***HUD – CDBG Fund II*** – To account for CDBG grant funds received to prepare an action plan to address issues of low to moderate-income residents. (Title I, Housing & Comm. Dev. Act, PL 92-383.)

***Crime Victims Assistance*** – To account for Federal funds used towards the advocacy for victims of all crimes. (Pursuant to the Victims of Crime Act of 1984.)

### **DEBT SERVICE FUNDS:**

***General Obligation Bonds*** – To account for the debt service of the Parks and Recreation Bonds, Series 1992 and the Public Safety and Improvement Bonds, Series 1997.

***Gross Receipts Tax Revenue Bonds Series 2003*** – To account for the debt service of the New Mexico Gross Tax Revenue Bonds, Series 2003.

***Gross Receipts Tax Revenue Bonds Series 2005*** – To account for the debt service of the New Mexico Gross Tax Revenue Bonds, Series 2005.

### **CAPITAL PROJECT FUNDS:**

***Capital Projects Fund*** – To account for City facility construction and building improvements from General Fund transfers and intergovernmental grants.

***Infrastructure Fund*** – To account for capital (primarily infrastructure) acquisition, construction and repair from General Fund transfers and intergovernmental grants.

***Building Improvement Fund*** – To account for funds transferred from the General Fund. Expenditures are used for maintenance, repair or replacement of municipal buildings.

## NON-MAJOR GOVERNMENTAL FUNDS

### CAPITAL PROJECT FUNDS (Concl'd)

***State Appropriation Fund*** – To account for state appropriation capital expenditures approved by the State of New Mexico.

***Bond Construction 2004*** – To account for proceeds received for construction of Loma Colorado site Library.

***Bond Construction 2005*** – To account for proceeds to be used for the construction of City Hall, City Maintenance Yard, and other City infrastructure needs.

***Bond Construction 2006*** – To account for proceeds received for construction of an Aquatic Center.

***Road Impact Fees Fund*** – To account for impact fees under Sections 5-8-1 through 5-8-42 NMSA 1978 (The Development Fees Act) for the purpose of providing new or enlarged roads, equipment and capital improvements which substantially benefit those developments which pay the impact fees.

***Trails Impact Fees*** – To account for impact fees under Sections 5-8-1 through 5-8-42 NMSA 1978 (The Development Fees Act) for the purpose of providing new or enlarged bikeways, capital improvements, trails, and equipment which substantially benefit those developments which pay the impact fees.

***Parks Impact Fees*** – To account for impact fees under Sections 5-8-1 through 5-8-42 NMSA 1978 (The Development Fees Act) for the purpose of providing new or enlarged parks, equipment and capital improvements, which substantially benefit those developments which pay the impact fees.

***Public Safety Impact Fees*** – To account for impact fees under Sections 5-8-1 through 5-8-42 NMSA 1978 (The Development Fees Act) for the purpose of providing public safety capital improvements and equipment which substantially benefit those developments which pay the impact fees.

***Drainage Impact Fees*** – To account for impact fees under Sections 5-8-1 through 5-8-42 NMSA 1978 (The Development Fees Act) for the purpose of providing a conveyance system adequate to accommodate the design storm from the farthest upstream property or City boundary to the receiving waters of the Rio Grande river.

***Solid Waste Disposal - Indigent*** – To account for contributions and donations to indigent individuals utilizing the City's solid waste program.

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS**  
**JUNE 30, 2008**

	Donations	Recreation Activities and Vending	Recreation	Keep Rio Rancho Beautiful Grant
<b><u>ASSETS</u></b>				
Cash and investments	\$ 46,614	\$ 72,664	\$ 24,280	\$
Accounts receivable				
Due from federal government				
Due from state government			1,801	16,594
<b>Total assets</b>	<u>\$ 46,614</u>	<u>\$ 72,664</u>	<u>\$ 26,081</u>	<u>\$ 16,594</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 3,486	\$ 26,184	\$	\$ 1,658
Accrued payroll				1,241
Accrued interest payable				
Due to other funds				13,861
<b>Total liabilities</b>	<u>3,486</u>	<u>26,184</u>		<u>16,760</u>
Fund balances (deficits):				
Unreserved:				
Undesignated	43,128	46,480	26,081	(166)
<b>Total fund balances</b>	<u>43,128</u>	<u>46,480</u>	<u>26,081</u>	<u>(166)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 46,614</u>	<u>\$ 72,664</u>	<u>\$ 26,081</u>	<u>\$ 16,594</u>

<u>Community Response Program</u>	<u>Senior Services</u>	<u>Library</u>	<u>Promotion and Marketing</u>	<u>Rio Rancho Convention &amp; Visitors Bureau</u>	<u>Rio Vision Cable</u>
\$	\$ 149	\$ 1,744,770	\$ 36,258	\$ 77,867	\$ 165,315
6,712					35,335
			3,000	7,119	
<u>\$ 6,712</u>	<u>\$ 149</u>	<u>\$ 1,744,770</u>	<u>\$ 39,258</u>	<u>\$ 84,986</u>	<u>\$ 200,650</u>
\$ 427	\$ 5,009	\$ 34,640	\$ 9,656	\$ 1,850	\$ 1,052
222			1,441	4,109	
5,557	6,342				
<u>6,206</u>	<u>11,351</u>	<u>34,640</u>	<u>11,097</u>	<u>5,959</u>	<u>1,052</u>
506	(11,202)	1,710,130	28,161	79,027	199,598
<u>506</u>	<u>(11,202)</u>	<u>1,710,130</u>	<u>28,161</u>	<u>79,027</u>	<u>199,598</u>
<u>\$ 6,712</u>	<u>\$ 149</u>	<u>\$ 1,744,770</u>	<u>\$ 39,258</u>	<u>\$ 84,986</u>	<u>\$ 200,650</u>

(Continued)

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS**  
**JUNE 30, 2008**  
**(Continued)**

	Local Government Corrections	Law Enforcement	DPS Enforcement Aid	Traffic Education and Enforcement Aid
<b><u>ASSETS</u></b>				
Cash and investments	\$ 31,074	\$ 34,645	\$ 99,136	\$ 61,987
Accounts receivable				
Due from federal government				
Due from state government				
<b>Total assets</b>	<u>\$ 31,074</u>	<u>\$ 34,645</u>	<u>\$ 99,136</u>	<u>\$ 61,987</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 26,048	\$ 14,430	\$ 2,295	\$ 5,546
Accrued payroll				258
Accrued interest payable				
Due to other funds				
<b>Total liabilities</b>	<u>26,048</u>	<u>14,430</u>	<u>2,295</u>	<u>5,804</u>
Fund balances (deficits):				
Unreserved:				
Undesignated	5,026	20,215	96,841	56,183
<b>Total fund balances</b>	<u>5,026</u>	<u>20,215</u>	<u>96,841</u>	<u>56,183</u>
<b>Total liabilities and fund balances</b>	<u>\$ 31,074</u>	<u>\$ 34,645</u>	<u>\$ 99,136</u>	<u>\$ 61,987</u>

<u>Fire Protection</u>	<u>Emergency Medical Services</u>	<u>DPS Grants</u>	<u>Environmental Gross Receipts Tax</u>	<u>Municipal Road</u>	<u>Recreation Development</u>
\$ 168,777	\$ 11,364	\$	\$ 1,969,552	\$ 298,293 23,164	\$ 1,092,805
		206,723			
		58,560	126,331	45,482	
<u>\$ 168,777</u>	<u>\$ 11,364</u>	<u>\$ 265,283</u>	<u>\$ 2,095,883</u>	<u>\$ 366,939</u>	<u>\$ 1,092,805</u>
\$ 8,993	\$ 4,541	\$ 50,258 6,468	\$ 138,187	\$ 11,365	\$ 4,581
10,391		255,755			
<u>19,384</u>	<u>4,541</u>	<u>312,481</u>	<u>138,187</u>	<u>11,365</u>	<u>4,581</u>
149,393	6,823	(47,198)	1,957,696	355,574	1,088,224
<u>149,393</u>	<u>6,823</u>	<u>(47,198)</u>	<u>1,957,696</u>	<u>355,574</u>	<u>1,088,224</u>
<u>\$ 168,777</u>	<u>\$ 11,364</u>	<u>\$ 265,283</u>	<u>\$ 2,095,883</u>	<u>\$ 366,939</u>	<u>\$ 1,092,805</u>

(Continued)

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS**  
**JUNE 30, 2008**  
**(Concluded)**

	Equipment Replacement	Domestic Violence Response	HUD - CDBG II	Crime Victims Assistance
<b><u>ASSETS</u></b>				
Cash and investments	\$ 49,301	\$	\$	\$
Accounts receivable				
Due from federal government				
Due from state government				
<b>Total assets</b>	<b>\$ 49,301</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$ 5,030	\$ 250	\$
Accrued payroll		2,443	1,374	755
Accrued interest payable				
Due to other funds		36,472	49,635	9,708
<b>Total liabilities</b>		<b>43,945</b>	<b>51,259</b>	<b>10,463</b>
Fund balances (deficits):				
Unreserved:				
Undesignated	49,301	(43,945)	(51,259)	(10,463)
<b>Total fund balances</b>	<b>49,301</b>	<b>(43,945)</b>	<b>(51,259)</b>	<b>(10,463)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 49,301</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



Totals

\$	5,984,851
	58,499
	213,435
	258,887
\$	<u>6,515,672</u>

\$	355,486
	18,311
	10,391
	<u>377,330</u>
	<u>761,518</u>

	<u>5,754,154</u>
	<u>5,754,154</u>

\$	<u>6,515,672</u>
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**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING BALANCE SHEET - ALL DEBT SERVICE FUNDS**  
**JUNE 30, 2008**

	General Obligation Bonds	Gross Receipts Tax Revenue Bonds Series 2003	Gross Receipts Tax Revenue Bonds Series 2005	Totals
<b><u>ASSETS</u></b>				
Cash and investments	\$ 3,779,250	\$ 25,295	\$ 17,563	\$ 3,822,108
Property taxes receivable	268,034			268,034
Due from state government		106,500	185,537	292,037
<b>Total assets</b>	<u>\$ 4,047,284</u>	<u>\$ 131,795</u>	<u>\$ 203,100</u>	<u>\$ 4,382,179</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accrued interest payable	\$ 226,526	\$ 5,638	\$ 65,486	\$ 297,650
Deferred revenue	236,065			236,065
<b>Total liabilities</b>	<u>462,591</u>	<u>5,638</u>	<u>65,486</u>	<u>533,715</u>
Fund balances:				
Unreserved:				
Undesignated	3,584,693	126,157	137,614	3,848,464
<b>Total fund balances</b>	<u>3,584,693</u>	<u>126,157</u>	<u>137,614</u>	<u>3,848,464</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,047,284</u>	<u>\$ 131,795</u>	<u>\$ 203,100</u>	<u>\$ 4,382,179</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING BALANCE SHEET - ALL CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2008**

	<u>Capital Projects</u>	<u>Infrastructure</u>	<u>Building Improvement</u>	<u>State Appropriation Capital Projects</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 61,297	\$ 5,357,790	\$ 1,724,719	\$
Due from federal government		578,834		
Due from state government		106,010		100,000
<b>Total assets</b>	<u>\$ 61,297</u>	<u>\$ 6,042,634</u>	<u>\$ 1,724,719</u>	<u>\$ 100,000</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$ 757,352	\$ 137,882	\$ 36,798
Accrued interest payable		4,859		
Due to other funds				335,822
<b>Total liabilities</b>		<u>762,211</u>	<u>137,882</u>	<u>372,620</u>
Fund balances (deficits):				
Unreserved:				
Undesignated	<u>61,297</u>	<u>5,280,423</u>	<u>1,586,837</u>	<u>(272,620)</u>
<b>Total fund balances</b>	<u>61,297</u>	<u>5,280,423</u>	<u>1,586,837</u>	<u>(272,620)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 61,297</u>	<u>\$ 6,042,634</u>	<u>\$ 1,724,719</u>	<u>\$ 100,000</u>

<u>Bond Construction 2004 Library</u>	<u>Bond Construction Fund 2005</u>	<u>Bond Construction 2006 Aquatics</u>	<u>Road Impact Fees</u>	<u>Trail Impact Fees</u>	<u>Park Impact Fees</u>
\$ 33,561	\$ 89,645	\$ 515,382	\$ 1,686,215	\$ 114,615	\$ 977,878
<u>\$ 33,561</u>	<u>\$ 89,645</u>	<u>\$ 515,382</u>	<u>\$ 1,686,215</u>	<u>\$ 114,615</u>	<u>\$ 977,878</u>
\$	\$ 4	\$ 64,461	\$ 16,013 2,606	\$	\$ 5,619
	<u>4</u>	<u>64,461</u>	<u>18,619</u>		<u>5,619</u>
33,561	89,641	450,921	1,667,596	114,615	972,259
<u>33,561</u>	<u>89,641</u>	<u>450,921</u>	<u>1,667,596</u>	<u>114,615</u>	<u>972,259</u>
<u>\$ 33,561</u>	<u>\$ 89,645</u>	<u>\$ 515,382</u>	<u>\$ 1,686,215</u>	<u>\$ 114,615</u>	<u>\$ 977,878</u>

(Continued)

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING BALANCE SHEET - ALL CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2008**  
**(Concluded)**

	Public Safety Impact Fees	Drainage Impact Fees	Solid Waste Disposal-Indigent	Totals
<b><u>ASSETS</u></b>				
Cash and investments	\$ 743,065	\$ 805,664	\$ 12,440	\$ 12,122,271
Due from federal government				578,834
Due from state government				206,010
<b>Total assets</b>	<u>\$ 743,065</u>	<u>\$ 805,664</u>	<u>\$ 12,440</u>	<u>\$ 12,907,115</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 164,680	\$	\$	\$ 1,182,809
Accrued interest payable				7,465
Due to other funds				335,822
<b>Total liabilities</b>	<u>164,680</u>			<u>1,526,096</u>
Fund balances (deficits):				
Unreserved:				
Undesignated	<u>578,385</u>	<u>805,664</u>	<u>12,440</u>	<u>11,381,019</u>
<b>Total fund balances</b>	<u>578,385</u>	<u>805,664</u>	<u>12,440</u>	<u>11,381,019</u>
<b>Total liabilities and fund balances</b>	<u>\$ 743,065</u>	<u>\$ 805,664</u>	<u>\$ 12,440</u>	<u>\$ 12,907,115</u>

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**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2008**

	Donations	Recreation Activities and Vending	Recreation
<b>Revenues:</b>			
Municipal and state shared taxes	\$	\$	\$ 18,724
Intergovernmental			
Charges for services	37,340	281,429	
Fines and forfeits	1,125		
Franchise fees			
Contributions and donations	3,935		
Investment income	1,062	1,304	301
Other revenues			
<b>Total revenues</b>	<u>43,462</u>	<u>282,733</u>	<u>19,025</u>
<b>Expenditures:</b>			
Current -			
Public safety	36,880		
Public works			
Culture and recreation	200	263,436	
Economic development			
Capital outlay	8,905	65,644	
Debt service -			
Principal			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>45,985</u>	<u>329,080</u>	
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,523)</u>	<u>(46,347)</u>	<u>19,025</u>
<b>Other financing sources (uses):</b>			
Loan proceeds			
Transfers in		7,500	
<b>Total other financing sources (uses)</b>		<u>7,500</u>	
<b>Change in fund balances</b>	<u>(2,523)</u>	<u>(38,847)</u>	<u>19,025</u>
<b>Fund balances (deficits), beginning of year</b>	45,651	85,327	7,056
<b>Fund balances (deficits), end of year</b>	<u>\$ 43,128</u>	<u>\$ 46,480</u>	<u>\$ 26,081</u>



Keep Rio Rancho Beautiful Grant	Community Response Program	Senior Services	Library	Promotion and Marketing	Rio Rancho Convention & Visitors Bureau
\$	\$	\$	\$	\$	\$
55,467	16,852	134,355 12,120	1,912,691	3,000 41,586	393,793 11,000
		1,344 772	12,135 69,629		3,905 2,722
<u>55,467</u>	<u>16,852</u>	<u>148,591</u>	<u>1,994,455</u>	<u>44,586</u>	<u>411,420</u>
	14,190				
54,870		47,184	487,377		
		122,899	198,949	263,940	433,295 6,408
<u>54,870</u>	<u>14,190</u>	<u>170,083</u>	<u>686,326</u>	<u>263,940</u>	<u>439,703</u>
<u>597</u>	<u>2,662</u>	<u>(21,492)</u>	<u>1,308,129</u>	<u>(219,354)</u>	<u>(28,283)</u>
				184,264	11,200
				184,264	11,200
<u>597</u>	<u>2,662</u>	<u>(21,492)</u>	<u>1,308,129</u>	<u>(35,090)</u>	<u>(17,083)</u>
(763)	(2,156)	10,290	402,001	63,251	96,110
<u>\$ (166)</u>	<u>\$ 506</u>	<u>\$ (11,202)</u>	<u>\$ 1,710,130</u>	<u>\$ 28,161</u>	<u>\$ 79,027</u>

(Continued)

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2008**  
**(Continued)**

	Rio Vision Cable	Local Government Corrections	Law Enforcement
<b>Revenues:</b>			
Municipal and state shared taxes	\$	\$	\$
Intergovernmental			102,000
Charges for services		204,312	
Fines and forfeits			
Franchise fees	134,647		
Contributions and donations			
Investment income	6,757	1,640	2,348
Other revenues			
<b>Total revenues</b>	<u>141,404</u>	<u>205,952</u>	<u>104,348</u>
<b>Expenditures:</b>			
Current -			
Public safety		248,113	97,920
Public works			
Culture and recreation	147,239		
Economic development			
Capital outlay	8,396		5,616
Debt service -			
Principal			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>155,635</u>	<u>248,113</u>	<u>103,536</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(14,231)</u>	<u>(42,161)</u>	<u>812</u>
<b>Other financing sources (uses):</b>			
Loan proceeds			
Transfers in			
<b>Total other financing sources (uses)</b>			
<b>Change in fund balances</b>	<u>(14,231)</u>	<u>(42,161)</u>	<u>812</u>
<b>Fund balances (deficits), beginning of year</b>	213,829	47,187	19,403
<b>Fund balances (deficits), end of year</b>	<u>\$ 199,598</u>	<u>\$ 5,026</u>	<u>\$ 20,215</u>

<u>DPS Enforcement Aid</u>	<u>Traffic Education and Enforcement Aid</u>	<u>Fire Protection</u>	<u>Emergency Medical Services</u>	<u>DPS Grants</u>	<u>Environmental Gross Receipts Tax</u>
\$ 95,330	\$ 87,628	\$ 237,067	\$ 19,600	\$ 983,639	\$ 880,262
2,539	2,271	17,108	355		14,235
4,697		1,226			79,454
<u>102,566</u>	<u>89,899</u>	<u>255,401</u>	<u>19,955</u>	<u>983,639</u>	<u>973,951</u>
80,322	110,211	182,767	17,902	1,018,107	230,066
17,990	21,311	724,475		7,085	246,248
		75,000			
		61,526			
<u>98,312</u>	<u>131,522</u>	<u>1,043,768</u>	<u>17,902</u>	<u>1,025,192</u>	<u>476,314</u>
<u>4,254</u>	<u>(41,623)</u>	<u>(788,367)</u>	<u>2,053</u>	<u>(41,553)</u>	<u>497,637</u>
				431	
				431	
<u>4,254</u>	<u>(41,623)</u>	<u>(788,367)</u>	<u>2,053</u>	<u>(41,122)</u>	<u>497,637</u>
92,587	97,806	937,760	4,770	(6,076)	1,460,059
<u>\$ 96,841</u>	<u>\$ 56,183</u>	<u>\$ 149,393</u>	<u>\$ 6,823</u>	<u>\$ (47,198)</u>	<u>\$ 1,957,696</u>

(Continued)

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2008**  
**(Concluded)**

	<u>Municipal Road</u>	<u>Recreation Development</u>	<u>Equipment Replacement</u>
<b>Revenues:</b>			
Municipal and state shared taxes	\$ 592,366	\$	\$
Intergovernmental		278,315	
Charges for services			
Fines and forfeits			
Franchise fees			
Contributions and donations			
Investment income	1,903	40,252	21,498
Other revenues	121,033	2,500	
<b>Total revenues</b>	<u>715,302</u>	<u>321,067</u>	<u>21,498</u>
<b>Expenditures:</b>			
Current -			
Public safety			
Public works	2,402,008		995
Culture and recreation		13,566	
Economic development			
Capital outlay		610,016	1,405,315
Debt service -			
Principal			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>2,402,008</u>	<u>623,582</u>	<u>1,406,310</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,686,706)</u>	<u>(302,515)</u>	<u>(1,384,812)</u>
<b>Other financing sources (uses):</b>			
Loan proceeds	231,639		
Transfers in	1,167,776	250,000	159,726
<b>Total other financing sources (uses)</b>	<u>1,399,415</u>	<u>250,000</u>	<u>159,726</u>
<b>Change in fund balances</b>	<u>(287,291)</u>	<u>(52,515)</u>	<u>(1,225,086)</u>
<b>Fund balances (deficits), beginning of year</b>	642,865	1,140,739	1,274,387
<b>Fund balances (deficits), end of year</b>	<u>\$ 355,574</u>	<u>\$ 1,088,224</u>	<u>\$ 49,301</u>

Domestic Violence Response	HUD - CDBG II	Crime Victims Assistance	Totals
\$	\$	\$	\$
113,874	211,927	24,165	1,885,145
			4,199,282
			576,787
			88,753
			134,647
			35,554
			251,915
			129,456
<u>113,874</u>	<u>211,927</u>	<u>24,165</u>	<u>7,301,539</u>
152,768	239,384	42,119	2,001,299
			2,872,453
			1,013,872
			697,235
			3,449,257
			75,000
			61,526
<u>152,768</u>	<u>239,384</u>	<u>42,119</u>	<u>10,170,642</u>
<u>(38,894)</u>	<u>(27,457)</u>	<u>(17,954)</u>	<u>(2,869,103)</u>
			231,639
		8,123	1,789,020
		8,123	2,020,659
<u>(38,894)</u>	<u>(27,457)</u>	<u>(9,831)</u>	<u>(848,444)</u>
(5,051)	(23,802)	(632)	6,602,598
<u>\$ (43,945)</u>	<u>\$ (51,259)</u>	<u>\$ (10,463)</u>	<u>\$ 5,754,154</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2008**

	General Obligation Bonds	Gross Receipts Tax Revenue Bonds Series 2003	Gross Receipts Tax Revenue Bonds Series 2005
<b>Revenues:</b>			
Property taxes	\$ 3,620,273	\$	\$
Municipal and state shared taxes		548,167	1,038,452
Investment income	51,423	9,810	8,580
<b>Total revenues</b>	<u>3,671,696</u>	<u>557,977</u>	<u>1,047,032</u>
<b>Expenditures:</b>			
Debt service -			
Principal	750,000	555,000	225,000
Interest and fiscal charges	591,896	85,007	830,436
<b>Total expenditures</b>	<u>1,341,896</u>	<u>640,007</u>	<u>1,055,436</u>
 <b>Change in fund balances</b>	 <u>2,329,800</u>	 <u>(82,030)</u>	 <u>(8,404)</u>
 <b>Fund balances, beginning of year</b>	 1,254,893	 208,187	 146,018
  <b>Fund balances, end of year</b>	  <u>\$ 3,584,693</u>	  <u>\$ 126,157</u>	  <u>\$ 137,614</u>

Totals

\$	3,620,273
	1,586,619
	69,813
	<u>5,276,705</u>

	1,530,000
	<u>1,507,339</u>
	<u>3,037,339</u>

	<u>2,239,366</u>
--	------------------

1,609,098

\$	<u><u>3,848,464</u></u>
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**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2008**

	<u>Capital Projects</u>	<u>Infrastructure</u>	<u>Building Improvement</u>
<b>Revenues:</b>			
Municipal and state shared taxes	\$	\$ 341,413	\$
Intergovernmental		297,746	
Impact fees			
Investment income	25,018	218,696	99,250
Other revenues		31,425	1,442,443
<b>Total revenues</b>	<u>25,018</u>	<u>889,280</u>	<u>1,541,693</u>
<b>Expenditures:</b>			
Current -			
General government			2,300
Public works	204,098	356,924	458,913
Culture and recreation			
Capital outlay	828,857	5,406,752	779,663
Debt service -			
Principal		330,420	
Interest and fiscal charges		11,486	
<b>Total expenditures</b>	<u>1,032,955</u>	<u>6,105,582</u>	<u>1,240,876</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,007,937)</u>	<u>(5,216,302)</u>	<u>300,817</u>
<b>Other financing sources (uses):</b>			
Transfers in		4,888,601	
Transfers out		(424,910)	(1,200,000)
<b>Total other financing sources (uses)</b>		<u>4,463,691</u>	<u>(1,200,000)</u>
<b>Change in fund balances</b>	<u>(1,007,937)</u>	<u>(752,611)</u>	<u>(899,183)</u>
<b>Fund balances (deficits), beginning of year</b>	1,069,234	6,033,034	2,486,020
<b>Fund balances (deficits), end of year</b>	<u>\$ 61,297</u>	<u>\$ 5,280,423</u>	<u>\$ 1,586,837</u>



<u>State Appropriation Capital Projects</u>	<u>Bond Construction 2004 Library</u>	<u>Bond Construction Fund 2005</u>	<u>Bond Construction 2006 Aquatics</u>	<u>Road Impact Fees</u>	<u>Trail Impact Fees</u>
\$	\$	\$	\$	\$	\$
1,262,698				868,407	14,118
	1,027	59,416	167,283	56,226	2,539
<u>1,262,698</u>	<u>1,027</u>	<u>59,416</u>	<u>167,283</u>	<u>924,633</u>	<u>16,657</u>
208,665		656,121		3,170	
			13,334		
942,610	19,305	2,884,599	7,282,919	447,575	
				162,405	
				21,212	
<u>1,151,275</u>	<u>19,305</u>	<u>3,540,720</u>	<u>7,296,253</u>	<u>634,362</u>	
<u>111,423</u>	<u>(18,278)</u>	<u>(3,481,304)</u>	<u>(7,128,970)</u>	<u>290,271</u>	<u>16,657</u>
				424,910	
				(50,000)	(840)
				374,910	(840)
<u>111,423</u>	<u>(18,278)</u>	<u>(3,481,304)</u>	<u>(7,128,970)</u>	<u>665,181</u>	<u>15,817</u>
(384,043)	51,839	3,570,945	7,579,891	1,002,415	98,798
<u>\$ (272,620)</u>	<u>\$ 33,561</u>	<u>\$ 89,641</u>	<u>\$ 450,921</u>	<u>\$ 1,667,596</u>	<u>\$ 114,615</u>

(Continued)

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2008**  
**(Concluded)**

	<u>Park Impact Fees</u>	<u>Public Safety Impact Fees</u>	<u>Drainage Impact Fees</u>
<b>Revenues:</b>			
Municipal and state shared taxes	\$	\$	\$
Intergovernmental			
Impact fees	250,694	359,068	477,215
Investment income	36,981	50,212	32,846
Other revenues			
<b>Total revenues</b>	<u>287,675</u>	<u>409,280</u>	<u>510,061</u>
<b>Expenditures:</b>			
Current -			
General government			
Public works			
Culture and recreation	888		
Capital outlay	335,950	1,396,943	375,156
Debt service -			
Principal			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>336,838</u>	<u>1,396,943</u>	<u>375,156</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(49,163)</u>	<u>(987,663)</u>	<u>134,905</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out	(22,500)	(8,310)	(20,000)
<b>Total other financing sources (uses)</b>	<u>(22,500)</u>	<u>(8,310)</u>	<u>(20,000)</u>
<b>Change in fund balances</b>	<u>(71,663)</u>	<u>(995,973)</u>	<u>114,905</u>
<b>Fund balances (deficits), beginning of year</b>	1,043,922	1,574,358	690,759
<b>Fund balances (deficits), end of year</b>	<u>\$ 972,259</u>	<u>\$ 578,385</u>	<u>\$ 805,664</u>

<u>Solid Waste Disposal-Indigent</u>	<u>Totals</u>
\$	\$ 341,413
	1,560,444
	1,969,502
296	749,790
	1,473,868
<u>296</u>	<u>6,095,017</u>
5,500	872,586
	1,023,105
	14,222
	20,700,329
	492,825
	32,698
<u>5,500</u>	<u>23,135,765</u>
<u>(5,204)</u>	<u>(17,040,748)</u>
	5,313,511
	<u>(1,726,560)</u>
	<u>3,586,951</u>
<u>(5,204)</u>	<u>(13,453,797)</u>
17,644	24,834,816
<u>\$ 12,440</u>	<u>\$ 11,381,019</u>

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**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL**

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**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DONATIONS**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 30,000	\$ 30,000	\$ 37,340	\$ 7,340
Fines and forfeits	700	700	1,125	425
Contributions and donations	17,850	17,850	3,935	(13,915)
Investment income	1,000	1,450	1,062	(388)
<b>Total revenues</b>	<u>49,550</u>	<u>50,000</u>	<u>43,462</u>	<u>(6,538)</u>
<b>Expenditures:</b>				
Current -				
Public safety	47,350	50,137	36,880	13,257
Culture and recreation	32,796	32,796	200	32,596
Capital outlay		8,905	8,905	
<b>Total expenditures</b>	<u>80,146</u>	<u>91,838</u>	<u>45,985</u>	<u>45,853</u>
<b>Change in fund balances</b>	<u>(30,596)</u>	<u>(41,838)</u>	<u>(2,523)</u>	<u>39,315</u>
<b>Fund balances, July 1, 2007</b>	32,835	48,127	45,651	(2,476)
<b>Fund balances, June 30, 2008</b>	<u>\$ 2,239</u>	<u>\$ 6,289</u>	<u>\$ 43,128</u>	<u>\$ 36,839</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RECREATION ACTIVITIES AND VENDING**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services	\$ 374,281	\$ 359,913	\$ 281,429	\$ (78,484)
Investment income	2,150	2,150	1,304	(846)
<b>Total revenues</b>	<u>376,431</u>	<u>362,063</u>	<u>282,733</u>	<u>(79,330)</u>
<b>Expenditures:</b>				
Current -				
Culture and recreation	372,585	404,407	263,436	140,971
Capital outlay	59,500	66,000	65,644	356
<b>Total expenditures</b>	<u>432,085</u>	<u>470,407</u>	<u>329,080</u>	<u>141,327</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(55,654)</u>	<u>(108,344)</u>	<u>(46,347)</u>	<u>61,997</u>
<b>Other financing sources (uses):</b>				
Transfers in			7,500	7,500
<b>Total other financing sources (uses)</b>			<u>7,500</u>	<u>7,500</u>
<b>Change in fund balances</b>	<u>(55,654)</u>	<u>(108,344)</u>	<u>(38,847)</u>	<u>69,497</u>
<b>Fund balances, July 1, 2007</b>	59,458	113,943	85,327	(28,616)
<b>Fund balances, June 30, 2008</b>	<u>\$ 3,804</u>	<u>\$ 5,599</u>	<u>\$ 46,480</u>	<u>\$ 40,881</u>



**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RECREATION**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original &amp; Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Municipal and state shared taxes	\$ 16,150	\$ 18,724	\$ 2,574
Investment income	800	301	(499)
<b>Total revenues</b>	<u>16,950</u>	<u>19,025</u>	<u>2,075</u>
<b>Expenditures:</b>			
Capital outlay	<u>15,000</u>		<u>15,000</u>
<b>Total expenditures</b>	<u>15,000</u>		<u>15,000</u>
<b>Change in fund balances</b>	<u>1,950</u>	<u>19,025</u>	<u>17,075</u>
<b>Fund balances, July 1, 2007</b>	5,412	7,056	1,644
<b>Fund balances, June 30, 2008</b>	<u>\$ 7,362</u>	<u>\$ 26,081</u>	<u>\$ 18,719</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - KEEP RIO RANCHO BEAUTIFUL GRANT**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$ 55,600	\$ 74,708	\$ 55,467	\$ (19,241)
<b>Total revenues</b>	<u>55,600</u>	<u>74,708</u>	<u>55,467</u>	<u>(19,241)</u>
<b>Expenditures:</b>				
Current -				
Culture and recreation	55,600	58,542	54,870	3,672
<b>Total expenditures</b>	<u>55,600</u>	<u>58,542</u>	<u>54,870</u>	<u>3,672</u>
<b>Change in fund balances</b>		<u>16,166</u>	<u>597</u>	<u>(15,569)</u>
<b>Fund balances (deficits), July 1, 2007</b>		(16,166)	(763)	15,403
<b>Fund balances (deficits), June 30, 2008</b>	<u>\$</u>	<u>\$</u>	<u>\$ (166)</u>	<u>\$ (166)</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - COMMUNITY RESPONSE PROGRAM**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues:</b>			
Intergovernmental	\$	\$ 51,500	\$ 16,852
<b>Total revenues</b>		51,500	16,852
<b>Expenditures:</b>			
Current -			
Public safety		47,432	14,190
<b>Total expenditures</b>		47,432	14,190
<b>Change in fund balances</b>		4,068	2,662
<b>Fund balances (deficits), July 1, 2007</b>		(4,068)	(2,156)
<b>Fund balances, June 30, 2008</b>	\$	\$	\$ 506

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SENIOR SERVICES**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$	\$ 307,773	\$ 134,355	\$ (173,418)
Charges for services	51,001	51,001	12,120	(38,881)
Contributions and donations	2,800	2,800	1,344	(1,456)
Investment income	2,000	2,000	772	(1,228)
Other revenues	100	100		(100)
<b>Total revenues</b>	<u>55,901</u>	<u>363,674</u>	<u>148,591</u>	<u>(215,083)</u>
<b>Expenditures:</b>				
Current -				
Culture and recreation	63,577	84,129	47,184	36,945
Capital outlay		281,107	122,899	158,208
<b>Total expenditures</b>	<u>63,577</u>	<u>365,236</u>	<u>170,083</u>	<u>195,153</u>
<b>Change in fund balances</b>	<u>(7,676)</u>	<u>(1,562)</u>	<u>(21,492)</u>	<u>(19,930)</u>
<b>Fund balances, July 1, 2007</b>	30,258	24,144	10,290	(13,854)
<b>Fund balances (deficits), June 30, 2008</b>	<u>\$ 22,582</u>	<u>\$ 22,582</u>	<u>\$ (11,202)</u>	<u>\$ (33,784)</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - LIBRARY**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$ 2,016,418	\$ 2,009,645	\$ 1,912,691	\$ (96,954)
Contributions and donations	10,000	10,000	12,135	2,135
Investment income	80,000	35,000	69,629	34,629
<b>Total revenues</b>	<u>2,106,418</u>	<u>2,054,645</u>	<u>1,994,455</u>	<u>(60,190)</u>
<b>Expenditures:</b>				
Current -				
Culture and recreation	642,224	737,879	487,377	250,502
Capital outlay	250,000	249,591	198,949	50,642
<b>Total expenditures</b>	<u>892,224</u>	<u>987,470</u>	<u>686,326</u>	<u>301,144</u>
<b>Change in fund balances</b>	<u>1,214,194</u>	<u>1,067,175</u>	<u>1,308,129</u>	<u>240,954</u>
<b>Fund balances, July 1, 2007</b>	171,120	430,086	402,001	(28,085)
<b>Fund balances, June 30, 2008</b>	<u>\$ 1,385,314</u>	<u>\$ 1,497,261</u>	<u>\$ 1,710,130</u>	<u>\$ 212,869</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PROMOTION AND MARKETING**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$	\$	\$ 3,000	\$ 3,000
Charges for services	49,000	49,000	41,586	(7,414)
<b>Total revenues</b>	<u>49,000</u>	<u>49,000</u>	<u>44,586</u>	<u>(4,414)</u>
<b>Expenditures:</b>				
Current -				
Economic development	341,571	348,891	263,940	84,951
<b>Total expenditures</b>	<u>341,571</u>	<u>348,891</u>	<u>263,940</u>	<u>84,951</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(292,571)</u>	<u>(299,891)</u>	<u>(219,354)</u>	<u>80,537</u>
<b>Other financing sources (uses):</b>				
Transfers in	242,264	242,264	184,264	(58,000)
<b>Total other financing sources (uses)</b>	<u>242,264</u>	<u>242,264</u>	<u>184,264</u>	<u>(58,000)</u>
<b>Change in fund balances</b>	<u>(50,307)</u>	<u>(57,627)</u>	<u>(35,090)</u>	<u>22,537</u>
<b>Fund balances, July 1, 2007</b>	60,428	69,122	63,251	(5,871)
<b>Fund balances, June 30, 2008</b>	<u>\$ 10,121</u>	<u>\$ 11,495</u>	<u>\$ 28,161</u>	<u>\$ 16,666</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RIO RANCHO CONVENTION & VISITORS BUREAU**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Municipal and state shared taxes	\$ 360,000	\$ 360,000	\$ 393,793	\$ 33,793
Intergovernmental	12,000	26,000	11,000	(15,000)
Contributions and donations	2,500	2,500	3,905	1,405
Investment income	3,600	3,600	2,722	(878)
<b>Total revenues</b>	<u>378,100</u>	<u>392,100</u>	<u>411,420</u>	<u>19,320</u>
<b>Expenditures:</b>				
Current -				
Economic development	469,451	482,786	433,295	49,491
Capital outlay		6,409	6,408	1
<b>Total expenditures</b>	<u>469,451</u>	<u>489,195</u>	<u>439,703</u>	<u>49,492</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(91,351)</u>	<u>(97,095)</u>	<u>(28,283)</u>	<u>68,812</u>
<b>Other financing sources (uses):</b>				
Transfers in	11,200	11,200	11,200	
<b>Total other financing sources (uses)</b>	<u>11,200</u>	<u>11,200</u>	<u>11,200</u>	
<b>Change in fund balances</b>	<u>(80,151)</u>	<u>(85,895)</u>	<u>(17,083)</u>	<u>68,812</u>
<b>Fund balances, July 1, 2007</b>	93,793	100,934	96,110	(4,824)
<b>Fund balances, June 30, 2008</b>	<u>\$ 13,642</u>	<u>\$ 15,039</u>	<u>\$ 79,027</u>	<u>\$ 63,988</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RIO VISION CABLE**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Franchise fees	\$ 120,000	\$ 126,000	\$ 134,647	\$ 8,647
Investment income	5,000	12,500	6,757	(5,743)
<b>Total revenues</b>	<u>125,000</u>	<u>138,500</u>	<u>141,404</u>	<u>2,904</u>
<b>Expenditures:</b>				
Current -				
Culture and recreation	124,000	182,480	147,239	35,241
Capital outlay	36,000	10,000	8,396	1,604
<b>Total expenditures</b>	<u>160,000</u>	<u>192,480</u>	<u>155,635</u>	<u>36,845</u>
<b>Change in fund balances</b>	<u>(35,000)</u>	<u>(53,980)</u>	<u>(14,231)</u>	<u>39,749</u>
<b>Fund balances, July 1, 2007</b>	161,410	189,523	213,829	24,306
<b>Fund balances, June 30, 2008</b>	<u>\$ 126,410</u>	<u>\$ 135,543</u>	<u>\$ 199,598</u>	<u>\$ 64,055</u>



**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - LOCAL GOVERNMENT CORRECTIONS**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 180,000	\$ 190,000	\$ 204,312	\$ 14,312
Investment income	1,000	2,000	1,640	(360)
<b>Total revenues</b>	<u>181,000</u>	<u>192,000</u>	<u>205,952</u>	<u>13,952</u>
<b>Expenditures:</b>				
Current -				
Public safety	242,336	258,451	248,113	10,338
<b>Total expenditures</b>	<u>242,336</u>	<u>258,451</u>	<u>248,113</u>	<u>10,338</u>
<b>Change in fund balances</b>	<u>(61,336)</u>	<u>(66,451)</u>	<u>(42,161)</u>	<u>24,290</u>
<b>Fund balances, July 1, 2007</b>	61,336	66,451	47,187	(19,264)
<b>Fund balances, June 30, 2008</b>	<u>\$</u>	<u>\$</u>	<u>\$ 5,026</u>	<u>\$ 5,026</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - LAW ENFORCEMENT**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ 102,000	\$ 102,000	\$ 102,000	\$
Investment income	1,000	4,500	2,348	(2,152)
<b>Total revenues</b>	<u>103,000</u>	<u>106,500</u>	<u>104,348</u>	<u>(2,152)</u>
<b>Expenditures:</b>				
Current -				
Public safety	96,183	119,871	97,920	21,951
Capital outlay	6,817	6,817	5,616	1,201
<b>Total expenditures</b>	<u>103,000</u>	<u>126,688</u>	<u>103,536</u>	<u>23,152</u>
<b>Change in fund balances</b>		<u>(20,188)</u>	<u>812</u>	<u>21,000</u>
<b>Fund balances, July 1, 2007</b>	1,676	20,188	19,403	(785)
<b>Fund balances, June 30, 2008</b>	<u>\$ 1,676</u>	<u>\$</u>	<u>\$ 20,215</u>	<u>\$ 20,215</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DPS ENFORCEMENT AID**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$ 13,700	\$ 50,700	\$ 95,330	\$ 44,630
Investment income	725	4,225	2,539	(1,686)
Other revenues		3,300	4,697	1,397
<b>Total revenues</b>	<u>14,425</u>	<u>58,225</u>	<u>102,566</u>	<u>44,341</u>
<b>Expenditures:</b>				
Current -				
Public safety	6,425	99,660	80,322	19,338
Capital outlay	<u>12,000</u>	<u>19,700</u>	<u>17,990</u>	<u>1,710</u>
<b>Total expenditures</b>	<u>18,425</u>	<u>119,360</u>	<u>98,312</u>	<u>21,048</u>
<b>Change in fund balances</b>	<u>(4,000)</u>	<u>(61,135)</u>	<u>4,254</u>	<u>65,389</u>
<b>Fund balances, July 1, 2007</b>	88,020	95,328	92,587	(2,741)
<b>Fund balances, June 30, 2008</b>	<u>\$ 84,020</u>	<u>\$ 34,193</u>	<u>\$ 96,841</u>	<u>\$ 62,648</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - TRAFFIC EDUCATION AND ENFORCEMENT AID**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Fines and forfeits	\$ 89,200	\$ 89,200	\$ 87,628	\$ (1,572)
Investment income	1,000	3,000	2,271	(729)
<b>Total revenues</b>	<u>90,200</u>	<u>92,200</u>	<u>89,899</u>	<u>(2,301)</u>
<b>Expenditures:</b>				
Current -				
Public safety	114,795	157,597	110,211	47,386
Capital outlay	19,000	21,311	21,311	
<b>Total expenditures</b>	<u>133,795</u>	<u>178,908</u>	<u>131,522</u>	<u>47,386</u>
<b>Change in fund balances</b>	<u>(43,595)</u>	<u>(86,708)</u>	<u>(41,623)</u>	<u>45,085</u>
<b>Fund balances, July 1, 2007</b>	88,678	109,791	97,806	(11,985)
<b>Fund balances, June 30, 2008</b>	<u>\$ 45,083</u>	<u>\$ 23,083</u>	<u>\$ 56,183</u>	<u>\$ 33,100</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - FIRE PROTECTION**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ 280,031	\$ 389,188	\$ 237,067	\$ (152,121)
Investment income	4,000	4,000	17,108	13,108
Other revenues			1,226	1,226
<b>Total revenues</b>	<u>284,031</u>	<u>393,188</u>	<u>255,401</u>	<u>(137,787)</u>
<b>Expenditures:</b>				
Current -				
Public safety	99,569	204,362	182,767	21,595
Capital outlay	594,493	812,930	724,475	88,455
Debt service -				
Principal	75,000	75,000	75,000	
Interest and fiscal charges	88,941	68,941	61,526	7,415
<b>Total expenditures</b>	<u>858,003</u>	<u>1,161,233</u>	<u>1,043,768</u>	<u>117,465</u>
<b>Change in fund balances</b>	<u>(573,972)</u>	<u>(768,045)</u>	<u>(788,367)</u>	<u>(20,322)</u>
<b>Fund balances, July 1, 2007</b>	782,246	798,400	937,760	139,360
<b>Fund balances, June 30, 2008</b>	<u>\$ 208,274</u>	<u>\$ 30,355</u>	<u>\$ 149,393</u>	<u>\$ 119,038</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - EMERGENCY MEDICAL SERVICES**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ 19,600	\$ 19,600	\$ 19,600	\$
Investment income			355	355
<b>Total revenues</b>	<u>19,600</u>	<u>19,600</u>	<u>19,955</u>	<u>355</u>
<b>Expenditures:</b>				
Current -				
Public safety	9,600	22,457	17,902	4,555
Capital outlay	<u>10,000</u>	<u>9,302</u>		<u>9,302</u>
<b>Total expenditures</b>	<u>19,600</u>	<u>31,759</u>	<u>17,902</u>	<u>13,857</u>
<b>Change in fund balances</b>		<u>(12,159)</u>	<u>2,053</u>	<u>14,212</u>
<b>Fund balances, July 1, 2007</b>	2,152	14,311	4,770	(9,541)
<b>Fund balances, June 30, 2008</b>	<u>\$ 2,152</u>	<u>\$ 2,152</u>	<u>\$ 6,823</u>	<u>\$ 4,671</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DPS GRANTS**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ 577,402	\$ 1,964,294	\$ 983,639	\$ (980,655)
<b>Total revenues</b>	<u>577,402</u>	<u>1,964,294</u>	<u>983,639</u>	<u>(980,655)</u>
<b>Expenditures:</b>				
Current -				
Public safety	577,402	1,572,256	1,018,107	554,149
Capital outlay		9,141	7,085	2,056
<b>Total expenditures</b>	<u>577,402</u>	<u>1,581,397</u>	<u>1,025,192</u>	<u>556,205</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>382,897</u>	<u>(41,553)</u>	<u>(424,450)</u>
<b>Other financing sources (uses):</b>				
Transfers in		431	431	
<b>Total other financing sources (uses)</b>		<u>431</u>	<u>431</u>	
<b>Change in fund balances</b>		<u>383,328</u>	<u>(41,122)</u>	<u>(424,450)</u>
<b>Fund balances (deficits), July 1, 2007</b>		<u>(383,328)</u>	<u>(6,076)</u>	<u>377,252</u>
<b>Fund balances (deficits), June 30, 2008</b>	<u>\$</u>	<u>\$</u>	<u>\$ (47,198)</u>	<u>\$ (47,198)</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ENVIRONMENTAL GROSS RECEIPTS TAX**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal and state shared taxes	\$ 780,000	\$ 780,000	\$ 880,262	\$ 100,262
Contributions and donations			14,235	14,235
Investment income	30,000	30,000	79,454	49,454
<b>Total revenues</b>	<u>810,000</u>	<u>810,000</u>	<u>973,951</u>	<u>163,951</u>
<b>Expenditures:</b>				
Current -				
Public works	143,362	157,440	230,066	(72,626)
Capital outlay	950,000	2,020,307	246,248	1,774,059
<b>Total expenditures</b>	<u>1,093,362</u>	<u>2,177,747</u>	<u>476,314</u>	<u>1,701,433</u>
<b>Change in fund balances</b>	<u>(283,362)</u>	<u>(1,367,747)</u>	<u>497,637</u>	<u>1,865,384</u>
<b>Fund balances, July 1, 2007</b>	376,645	1,471,111	1,460,059	(11,052)
<b>Fund balances, June 30, 2008</b>	<u>\$ 93,283</u>	<u>\$ 103,364</u>	<u>\$ 1,957,696</u>	<u>\$ 1,854,332</u>



**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MUNICIPAL ROAD**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Municipal and state shared taxes	\$ 573,443	\$ 573,443	\$ 592,366	\$ 18,923
Intergovernmental		150,000		(150,000)
Investment income	42,000	42,000	1,903	(40,097)
Other revenues			121,033	121,033
<b>Total revenues</b>	<u>615,443</u>	<u>765,443</u>	<u>715,302</u>	<u>(50,141)</u>
<b>Expenditures:</b>				
Current -				
Public works	2,297,000	3,847,211	2,402,008	1,445,203
<b>Total expenditures</b>	<u>2,297,000</u>	<u>3,847,211</u>	<u>2,402,008</u>	<u>1,445,203</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,681,557)</u>	<u>(3,081,768)</u>	<u>(1,686,706)</u>	<u>1,395,062</u>
<b>Other financing sources (uses):</b>				
Loan proceeds		208,475	231,639	23,164
Transfers in	1,270,287	1,270,287	1,167,776	(102,511)
<b>Total other financing sources (uses)</b>	<u>1,270,287</u>	<u>1,478,762</u>	<u>1,399,415</u>	<u>(79,347)</u>
<b>Change in fund balances</b>	<u>(411,270)</u>	<u>(1,603,006)</u>	<u>(287,291)</u>	<u>1,315,715</u>
<b>Fund balances, July 1, 2007</b>	441,784	1,705,516	642,865	(1,062,651)
<b>Fund balances, June 30, 2008</b>	<u>\$ 30,514</u>	<u>\$ 102,510</u>	<u>\$ 355,574</u>	<u>\$ 253,064</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - RECREATION DEVELOPMENT**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$	\$ 335,301	\$ 278,315	\$ (56,986)
Investment income			40,252	40,252
Other revenues	2,500	2,500	2,500	
<b>Total revenues</b>	<u>2,500</u>	<u>337,801</u>	<u>321,067</u>	<u>(16,734)</u>
<b>Expenditures:</b>				
Current -				
Culture and recreation	2,500	29,960	13,566	16,394
Capital outlay	273,344	1,689,667	610,016	1,079,651
<b>Total expenditures</b>	<u>275,844</u>	<u>1,719,627</u>	<u>623,582</u>	<u>1,096,045</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(273,344)</u>	<u>(1,381,826)</u>	<u>(302,515)</u>	<u>1,079,311</u>
<b>Other financing sources (uses):</b>				
Transfers in	250,000	250,000	250,000	
<b>Total other financing sources (uses)</b>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	
<b>Change in fund balances</b>	<u>(23,344)</u>	<u>(1,131,826)</u>	<u>(52,515)</u>	<u>1,079,311</u>
<b>Fund balances, July 1, 2007</b>	23,820	1,141,000	1,140,739	(261)
<b>Fund balances, June 30, 2008</b>	<u>\$ 476</u>	<u>\$ 9,174</u>	<u>\$ 1,088,224</u>	<u>\$ 1,079,050</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - EQUIPMENT REPLACEMENT**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ 35,000	\$ 35,000	\$ 21,498	\$ (13,502)
<b>Total revenues</b>	<u>35,000</u>	<u>35,000</u>	<u>21,498</u>	<u>(13,502)</u>
<b>Expenditures:</b>				
Current -				
Public works		350,769	995	349,774
Capital outlay	1,176,257	1,448,674	1,405,315	43,359
<b>Total expenditures</b>	<u>1,176,257</u>	<u>1,799,443</u>	<u>1,406,310</u>	<u>393,133</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,141,257)</u>	<u>(1,764,443)</u>	<u>(1,384,812)</u>	<u>379,631</u>
<b>Other financing sources (uses):</b>				
Transfers in	501,000	509,750	159,726	(350,024)
<b>Total other financing sources (uses)</b>	<u>501,000</u>	<u>509,750</u>	<u>159,726</u>	<u>(350,024)</u>
<b>Change in fund balances</b>	<u>(640,257)</u>	<u>(1,254,693)</u>	<u>(1,225,086)</u>	<u>29,607</u>
<b>Fund balances, July 1, 2007</b>	673,263	1,288,001	1,274,387	(13,614)
<b>Fund balances, June 30, 2008</b>	<u>\$ 33,006</u>	<u>\$ 33,308</u>	<u>\$ 49,301</u>	<u>\$ 15,993</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DOMESTIC VIOLENCE RESPONSE**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$	\$ 337,530	\$ 113,874	\$ (223,656)
<b>Total revenues</b>		337,530	113,874	(223,656)
<b>Expenditures:</b>				
Current -				
Public safety		314,015	152,768	161,247
<b>Total expenditures</b>		314,015	152,768	161,247
<b>Change in fund balances</b>		23,515	(38,894)	(62,409)
<b>Fund balances (deficits), July 1, 2007</b>	6,844	(23,515)	(5,051)	18,464
<b>Fund balances (deficits), June 30, 2008</b>	\$ 6,844	\$	\$ (43,945)	\$ (43,945)

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HUD - CDBG II**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 405,739	\$ 465,771	\$ 211,927	\$ (253,844)
<b>Total revenues</b>	<u>405,739</u>	<u>465,771</u>	<u>211,927</u>	<u>(253,844)</u>
<b>Expenditures:</b>				
Current -				
Public works	327,011	465,772	239,384	226,388
<b>Total expenditures</b>	<u>327,011</u>	<u>465,772</u>	<u>239,384</u>	<u>226,388</u>
<b>Change in fund balances</b>	<u>78,728</u>	<u>(1)</u>	<u>(27,457)</u>	<u>(27,456)</u>
<b>Fund balances (deficits), July 1, 2007</b>	(71,586)	1	(23,802)	(23,803)
<b>Fund balances (deficits), June 30, 2008</b>	<u>\$ 7,142</u>	<u>\$</u>	<u>\$ (51,259)</u>	<u>\$ (51,259)</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CRIME VICTIMS ASSISTANCE**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ 41,591	\$ 41,394	\$ 24,165	\$ (17,229)
<b>Total revenues</b>	<u>41,591</u>	<u>41,394</u>	<u>24,165</u>	<u>(17,229)</u>
<b>Expenditures:</b>				
Current -				
Public safety	36,122	43,672	42,119	1,553
<b>Total expenditures</b>	<u>36,122</u>	<u>43,672</u>	<u>42,119</u>	<u>1,553</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>5,469</u>	<u>(2,278)</u>	<u>(17,954)</u>	<u>(15,676)</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,375	9,122	8,123	(999)
<b>Total other financing sources (uses)</b>	<u>1,375</u>	<u>9,122</u>	<u>8,123</u>	<u>(999)</u>
<b>Change in fund balances</b>	<u>6,844</u>	<u>6,844</u>	<u>(9,831)</u>	<u>(16,675)</u>
<b>Fund balances (deficits), July 1, 2007</b>	(6,844)	(6,844)	(632)	6,212
<b>Fund balances (deficits), June 30, 2008</b>	<u>\$</u>	<u>\$</u>	<u>\$ (10,463)</u>	<u>\$ (10,463)</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL OBLIGATION BONDS**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes	\$ 1,783,995	\$ 1,783,995	\$ 3,620,273	\$ 1,836,278
Investment income	20,000	50,000	51,423	1,423
<b>Total revenues</b>	<u>1,803,995</u>	<u>1,833,995</u>	<u>3,671,696</u>	<u>1,837,701</u>
<b>Expenditures:</b>				
Debt service -				
Principal	750,000	750,000	750,000	
Interest and fiscal charges	618,407	845,407	591,896	253,511
<b>Total expenditures</b>	<u>1,368,407</u>	<u>1,595,407</u>	<u>1,341,896</u>	<u>253,511</u>
<b>Change in fund balances</b>	<u>435,588</u>	<u>238,588</u>	<u>2,329,800</u>	<u>2,091,212</u>
<b>Fund balances, July 1, 2007</b>	1,437,268	1,437,268	1,254,893	(182,375)
<b>Fund balances, June 30, 2008</b>	<u>\$ 1,872,856</u>	<u>\$ 1,675,856</u>	<u>\$ 3,584,693</u>	<u>\$ 1,908,837</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GROSS RECEIPTS TAX REVENUE BONDS SERIES 2003**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Municipal and state shared taxes	\$ 530,000	\$ 530,000	\$ 548,167	\$ 18,167
Investment income	2,000	4,000	9,810	5,810
<b>Total revenues</b>	<u>532,000</u>	<u>534,000</u>	<u>557,977</u>	<u>23,977</u>
<b>Expenditures:</b>				
Debt service -				
Principal	555,000	555,000	555,000	
Interest and fiscal charges	88,219	93,919	85,007	8,912
<b>Total expenditures</b>	<u>643,219</u>	<u>648,919</u>	<u>640,007</u>	<u>8,912</u>
<b>Change in fund balances</b>	<u>(111,219)</u>	<u>(114,919)</u>	<u>(82,030)</u>	<u>32,889</u>
<b>Fund balances, July 1, 2007</b>	126,704	126,704	208,187	81,483
<b>Fund balances, June 30, 2008</b>	<u>\$ 15,485</u>	<u>\$ 11,785</u>	<u>\$ 126,157</u>	<u>\$ 114,372</u>



**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GROSS RECEIPTS TAX REVENUE BONDS SERIES 2005**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Municipal and state shared taxes	\$ 1,023,498	\$ 1,077,516	\$ 1,038,452	\$ (39,064)
Investment income	5,000	5,000	8,580	3,580
<b>Total revenues</b>	<u>1,028,498</u>	<u>1,082,516</u>	<u>1,047,032</u>	<u>(35,484)</u>
<b>Expenditures:</b>				
Debt service -				
Principal	225,000	225,000	225,000	
Interest and fiscal charges	832,974	898,974	830,436	68,538
<b>Total expenditures</b>	<u>1,057,974</u>	<u>1,123,974</u>	<u>1,055,436</u>	<u>68,538</u>
<b>Change in fund balances</b>	<u>(29,476)</u>	<u>(41,458)</u>	<u>(8,404)</u>	<u>33,054</u>
<b>Fund balances, July 1, 2007</b>	41,458	41,458	146,018	104,560
<b>Fund balances, June 30, 2008</b>	<u>\$ 11,982</u>	<u>\$</u>	<u>\$ 137,614</u>	<u>\$ 137,614</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	
<b>Revenues:</b>			
Investment income	\$	\$	\$ 25,018
<b>Total revenues</b>			25,018
<b>Expenditures:</b>			
Current -			
Public works			204,098
Capital outlay		1,066,233	828,857
<b>Total expenditures</b>		1,066,233	1,032,955
<b>Excess (deficiency) of revenues over expenditures</b>		(1,066,233)	(1,007,937)
<b>Other financing sources (uses):</b>			
Transfers in		9,400	(9,400)
<b>Total other financing sources (uses)</b>		9,400	(9,400)
<b>Change in fund balances</b>		(1,056,833)	(1,007,937)
<b>Fund balances, July 1, 2007</b>	27,505	1,080,353	1,069,234
<b>Fund balances, June 30, 2008</b>	\$ 27,505	\$ 23,520	\$ 61,297
			\$ 37,777

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - INFRASTRUCTURE**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Municipal and state shared taxes	\$ 340,333	\$ 345,193	\$ 341,413	\$ (3,780)
Intergovernmental	2,997,500	8,948,663	297,746	(8,650,917)
Investment income	7,000	7,000	218,696	211,696
Other revenues			31,425	31,425
<b>Total revenues</b>	<u>3,344,833</u>	<u>9,300,856</u>	<u>889,280</u>	<u>(8,411,576)</u>
<b>Expenditures:</b>				
Current -				
Public works		1,000,000	356,924	643,076
Capital outlay	9,210,890	18,288,381	5,406,752	12,881,629
Debt service -				
Principal	330,420	330,420	330,420	
Interest and fiscal charges	9,913	14,773	11,486	3,287
<b>Total expenditures</b>	<u>9,551,223</u>	<u>19,633,574</u>	<u>6,105,582</u>	<u>13,527,992</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(6,206,390)</u>	<u>(10,332,718)</u>	<u>(5,216,302)</u>	<u>5,116,416</u>
<b>Other financing sources (uses):</b>				
Loan proceeds		1,047,000		(1,047,000)
Transfers in	5,967,500	7,285,422	4,888,601	(2,396,821)
Transfers out		(424,910)	(424,910)	
<b>Total other financing sources (uses)</b>	<u>5,967,500</u>	<u>7,907,512</u>	<u>4,463,691</u>	<u>(3,443,821)</u>
<b>Change in fund balances</b>	<u>(238,890)</u>	<u>(2,425,206)</u>	<u>(752,611)</u>	<u>1,672,595</u>
<b>Fund balances, July 1, 2007</b>	311,530	2,501,914	6,033,034	3,531,120
<b>Fund balances, June 30, 2008</b>	<u>\$ 72,640</u>	<u>\$ 76,708</u>	<u>\$ 5,280,423</u>	<u>\$ 5,203,715</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUILDING IMPROVEMENT**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ 50,000	\$ 50,000	\$ 99,250	\$ 49,250
Other revenues	1,360,000	1,360,000	1,442,443	82,443
<b>Total revenues</b>	<u>1,410,000</u>	<u>1,410,000</u>	<u>1,541,693</u>	<u>131,693</u>
<b>Expenditures:</b>				
Current -				
General government			2,300	(2,300)
Public works	8,800	25,458	458,913	(433,455)
Capital outlay	2,904,002	2,598,392	779,663	1,818,729
<b>Total expenditures</b>	<u>2,912,802</u>	<u>2,623,850</u>	<u>1,240,876</u>	<u>1,382,974</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,502,802)</u>	<u>(1,213,850)</u>	<u>300,817</u>	<u>1,514,667</u>
<b>Other financing sources (uses):</b>				
Transfers out		(1,200,000)	(1,200,000)	
<b>Total other financing sources (uses)</b>		<u>(1,200,000)</u>	<u>(1,200,000)</u>	
<b>Change in fund balances</b>	<u>(1,502,802)</u>	<u>(2,413,850)</u>	<u>(899,183)</u>	<u>1,514,667</u>
<b>Fund balances, July 1, 2007</b>	1,601,436	2,500,020	2,486,020	(14,000)
<b>Fund balances, June 30, 2008</b>	<u>\$ 98,634</u>	<u>\$ 86,170</u>	<u>\$ 1,586,837</u>	<u>\$ 1,500,667</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - STATE APPROPRIATION CAPITAL PROJECTS**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$ 2,029,700	\$ 6,260,890	\$ 1,262,698	\$ (4,998,192)
<b>Total revenues</b>	<u>2,029,700</u>	<u>6,260,890</u>	<u>1,262,698</u>	<u>(4,998,192)</u>
<b>Expenditures:</b>				
Current -				
General government		143,480	208,665	(65,185)
Capital outlay	<u>2,029,700</u>	<u>4,515,589</u>	<u>942,610</u>	<u>3,572,979</u>
<b>Total expenditures</b>	<u>2,029,700</u>	<u>4,659,069</u>	<u>1,151,275</u>	<u>3,507,794</u>
<b>Change in fund balances</b>		<u>1,601,821</u>	<u>111,423</u>	<u>(1,490,398)</u>
<b>Fund balances (deficits), July 1, 2007</b>		(1,601,821)	(384,043)	1,217,778
<b>Fund balances (deficits), June 30, 2008</b>	<u>\$</u>	<u>\$</u>	<u>\$ (272,620)</u>	<u>\$ (272,620)</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BOND CONSTRUCTION 2004 LIBRARY**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Investment income	\$	\$	\$ 1,027	\$ 1,027
<b>Total revenues</b>			1,027	1,027
<b>Expenditures:</b>				
Capital outlay	38,905	51,621	19,305	32,316
<b>Total expenditures</b>	38,905	51,621	19,305	32,316
<b>Change in fund balances</b>	(38,905)	(51,621)	(18,278)	33,343
<b>Fund balances, July 1, 2007</b>	38,905	51,839	51,839	
<b>Fund balances, June 30, 2008</b>	\$	\$ 218	\$ 33,561	\$ 33,343

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BOND CONSTRUCTION FUND 2005**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues:</b>			
Investment income	\$	\$	\$ 59,416
<b>Total revenues</b>			59,416
<b>Expenditures:</b>			
Current -			
General government		309,478	656,121
Capital outlay	78,562	4,129,720	2,884,599
<b>Total expenditures</b>	78,562	4,439,198	3,540,720
<b>Change in fund balances</b>	(78,562)	(4,439,198)	(3,481,304)
<b>Fund balances, July 1, 2007</b>	78,562	4,439,720	3,570,945
<b>Fund balances, June 30, 2008</b>	\$	\$ 522	\$ 89,641
			\$ 89,119

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BOND CONSTRUCTION 2006 AQUATICS**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues:</b>			
Investment income	\$	\$	\$ 167,283
<b>Total revenues</b>			167,283
<b>Expenditures:</b>			
Current -			
Culture and recreation		20,000	13,334
Capital outlay	104,808	8,192,322	7,282,919
<b>Total expenditures</b>	104,808	8,212,322	7,296,253
<b>Change in fund balances</b>	(104,808)	(8,212,322)	(7,128,970)
<b>Fund balances, July 1, 2007</b>	104,808	8,212,322	7,579,891
<b>Fund balances, June 30, 2008</b>	\$	\$	\$ 450,921



**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ROAD IMPACT FEES**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Impact fees	\$ 1,695,330	\$ 789,667	\$ 868,407	\$ 78,740
Investment income	80,000	80,000	56,226	(23,774)
<b>Total revenues</b>	<u>1,775,330</u>	<u>869,667</u>	<u>924,633</u>	<u>54,966</u>
<b>Expenditures:</b>				
Current -				
Public works			3,170	(3,170)
Capital outlay	1,453,200	1,317,063	447,575	869,488
Debt service -				
Principal	163,221	163,221	162,405	816
Interest and fiscal charges	26,965	26,965	21,212	5,753
<b>Total expenditures</b>	<u>1,643,386</u>	<u>1,507,249</u>	<u>634,362</u>	<u>872,887</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>131,944</u>	<u>(637,582)</u>	<u>290,271</u>	<u>927,853</u>
<b>Other financing sources (uses):</b>				
Transfers in		424,910	424,910	
Transfers out	(50,000)	(50,000)	(50,000)	
<b>Total other financing sources (uses)</b>	<u>(50,000)</u>	<u>374,910</u>	<u>374,910</u>	
<b>Change in fund balances</b>	<u>81,944</u>	<u>(262,672)</u>	<u>665,181</u>	<u>927,853</u>
<b>Fund balances, July 1, 2007</b>	215,933	1,012,129	1,002,415	(9,714)
<b>Fund balances, June 30, 2008</b>	<u>\$ 297,877</u>	<u>\$ 749,457</u>	<u>\$ 1,667,596</u>	<u>\$ 918,139</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - TRAIL IMPACT FEES**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Impact fees	\$ 28,000	\$ 14,000	\$ 14,118	\$ 118
Investment income	1,000	1,000	2,539	1,539
<b>Total revenues</b>	<u>29,000</u>	<u>15,000</u>	<u>16,657</u>	<u>1,657</u>
<b>Expenditures:</b>				
Capital outlay	24,360	92,542		92,542
<b>Total expenditures</b>	<u>24,360</u>	<u>92,542</u>		<u>92,542</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>4,640</u>	<u>(77,542)</u>	<u>16,657</u>	<u>94,199</u>
<b>Other financing sources (uses):</b>				
Transfers out	(840)	(840)	(840)	
<b>Total other financing sources (uses)</b>	<u>(840)</u>	<u>(840)</u>	<u>(840)</u>	
<b>Change in fund balances</b>	<u>3,800</u>	<u>(78,382)</u>	<u>15,817</u>	<u>94,199</u>
<b>Fund balances, July 1, 2007</b>	16,616	98,798	98,798	
<b>Fund balances, June 30, 2008</b>	<u>\$ 20,416</u>	<u>\$ 20,416</u>	<u>\$ 114,615</u>	<u>\$ 94,199</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PARK IMPACT FEES**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Impact fees	\$ 600,000	\$ 245,000	\$ 250,694	\$ 5,694
Investment income	20,000	50,000	36,981	(13,019)
<b>Total revenues</b>	<u>620,000</u>	<u>295,000</u>	<u>287,675</u>	<u>(7,325)</u>
<b>Expenditures:</b>				
Current -				
Culture and recreation		888	888	
Capital outlay	502,500	1,022,232	335,950	686,282
<b>Total expenditures</b>	<u>502,500</u>	<u>1,023,120</u>	<u>336,838</u>	<u>686,282</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>117,500</u>	<u>(728,120)</u>	<u>(49,163)</u>	<u>678,957</u>
<b>Other financing sources (uses):</b>				
Transfers out	(22,500)	(22,500)	(22,500)	
<b>Total other financing sources (uses)</b>	<u>(22,500)</u>	<u>(22,500)</u>	<u>(22,500)</u>	
<b>Change in fund balances</b>	<u>95,000</u>	<u>(750,620)</u>	<u>(71,663)</u>	<u>678,957</u>
<b>Fund balances, July 1, 2007</b>	211,398	1,097,157	1,043,922	(53,235)
<b>Fund balances, June 30, 2008</b>	<u>\$ 306,398</u>	<u>\$ 346,537</u>	<u>\$ 972,259</u>	<u>\$ 625,722</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PUBLIC SAFETY IMPACT FEES**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Impact fees	\$ 277,000	\$ 372,000	\$ 359,068	\$ (12,932)
Investment income	15,000	40,000	50,212	10,212
<b>Total revenues</b>	<u>292,000</u>	<u>412,000</u>	<u>409,280</u>	<u>(2,720)</u>
<b>Expenditures:</b>				
Capital outlay	<u>300,000</u>	<u>1,674,981</u>	<u>1,396,943</u>	<u>278,038</u>
<b>Total expenditures</b>	<u>300,000</u>	<u>1,674,981</u>	<u>1,396,943</u>	<u>278,038</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(8,000)</u>	<u>(1,262,981)</u>	<u>(987,663)</u>	<u>275,318</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(8,310)</u>	<u>(8,310)</u>	<u>(8,310)</u>	
<b>Total other financing sources (uses)</b>	<u>(8,310)</u>	<u>(8,310)</u>	<u>(8,310)</u>	
<b>Change in fund balances</b>	<u>(16,310)</u>	<u>(1,271,291)</u>	<u>(995,973)</u>	<u>275,318</u>
<b>Fund balances, July 1, 2007</b>	565,056	1,617,845	1,574,358	(43,487)
<b>Fund balances, June 30, 2008</b>	<u>\$ 548,746</u>	<u>\$ 346,554</u>	<u>\$ 578,385</u>	<u>\$ 231,831</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DRAINAGE IMPACT FEES**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Impact fees	\$ 692,580	\$ 475,959	\$ 477,215	\$ 1,256
Investment income	13,000	14,000	32,846	18,846
<b>Total revenues</b>	<u>705,580</u>	<u>489,959</u>	<u>510,061</u>	<u>20,102</u>
<b>Expenditures:</b>				
Capital outlay	746,234	946,234	375,156	571,078
<b>Total expenditures</b>	<u>746,234</u>	<u>946,234</u>	<u>375,156</u>	<u>571,078</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(40,654)</u>	<u>(456,275)</u>	<u>134,905</u>	<u>591,180</u>
<b>Other financing sources (uses):</b>				
Transfers out	(20,000)	(20,000)	(20,000)	
<b>Total other financing sources (uses)</b>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	
<b>Change in fund balances</b>	<u>(60,654)</u>	<u>(476,275)</u>	<u>114,905</u>	<u>591,180</u>
<b>Fund balances, July 1, 2007</b>	490,759	690,759	690,759	
<b>Fund balances, June 30, 2008</b>	<u>\$ 430,105</u>	<u>\$ 214,484</u>	<u>\$ 805,664</u>	<u>\$ 591,180</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SOLID WASTE DISPOSAL-INDIGENT**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original &amp; Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Contributions and donations	\$ 10,000	\$	\$ (10,000)
Investment income	500	296	(204)
<b>Total revenues</b>	<u>10,500</u>	<u>296</u>	<u>(10,204)</u>
<b>Expenditures:</b>			
Current -			
General government	28,144	5,500	22,644
<b>Total expenditures</b>	<u>28,144</u>	<u>5,500</u>	<u>22,644</u>
<b>Change in fund balances</b>	<u>(17,644)</u>	<u>(5,204)</u>	<u>12,440</u>
<b>Fund balances, July 1, 2007</b>	17,644	17,644	
<b>Fund balances, June 30, 2008</b>	<u>\$</u>	<u>\$ 12,440</u>	<u>\$ 12,440</u>

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND NET ASSETS - BUDGET AND ACTUAL**  
**UTILITIES FUND**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services - water	\$ 15,616,437	\$ 16,466,134	\$ 17,048,390	\$ 582,256
Charges for services - wastewater	11,440,600	11,290,600	11,623,418	332,818
Interest on investments	1,554,000	2,203,000	2,551,532	348,532
Intergovernmental	6,520,000	24,540,006	9,675,251	(14,864,755)
Impact fees	2,083,730	792,831	1,233,836	441,005
Other revenues			47,603	47,603
<b>Total revenues</b>	<u>37,214,767</u>	<u>55,292,571</u>	<u>42,180,030</u>	<u>(13,112,541)</u>
<b>Expenditures:</b>				
Operations	15,171,821	15,643,975	12,288,080	3,355,895
Capital outlay	13,583,929	84,004,392	32,477,961	51,526,431
Debt service -				
Principal	4,774,250	4,774,250	4,774,250	
Interest and fiscal charges	6,427,370	6,427,370	7,283,143	(855,773)
Other expenditures	298,903	67,820	56,709	11,111
<b>Total expenditures</b>	<u>40,256,273</u>	<u>110,917,807</u>	<u>56,880,143</u>	<u>54,037,664</u>
<b>Excess of revenues over (under) expenditures</b>	<u>\$ (3,041,506)</u>	<u>\$ (55,625,236)</u>	(14,700,113)	<u>\$ (67,150,205)</u>
Revenues (expenses) not budgeted:				
Amortization			(533,518)	
Depreciation			(3,571,754)	
Changes to conform to generally accepted accounting principles:				
Principal payment on bonds			4,774,250	
Capital contributions			1,967,635	
Capital outlay			<u>32,477,961</u>	
<b>Changes in Net Assets as reported in the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>			<u>\$ 20,414,461</u>	

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND NET ASSETS - BUDGET AND ACTUAL**  
**MULTI-PURPOSE EVENT CENTER FUND**  
**YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services	\$ 1,020,000	\$ 1,020,000	\$ 864,634	\$ (155,366)
Interest on investments	50,000	75,000	159,665	84,665
Intergovernmental		1,300,000	1,650,000	350,000
<b>Total revenues</b>	<u>1,070,000</u>	<u>2,395,000</u>	<u>2,674,299</u>	<u>279,299</u>
<b>Expenditures:</b>				
Operations	170,000	170,000	144,106	25,894
Capital outlay		93,211	93,211	
Debt service -				
Principal	1,120,000	1,120,000	1,120,000	
Interest and fiscal charges	1,756,787	1,893,787	1,753,049	140,738
<b>Total expenditures</b>	<u>3,046,787</u>	<u>3,276,998</u>	<u>3,110,366</u>	<u>166,632</u>
<b>Excess of revenues over (under) expenditures</b>	<u>\$ (1,976,787)</u>	<u>\$ (881,998)</u>	(436,067)	<u>\$ 112,667</u>
 Revenues (expenses) not budgeted:				
Amortization			(39,217)	
Depreciation			(180,264)	
 Changes to conform to generally accepted accounting principles:				
Principal payment on bonds			1,120,000	
Capital contributions			444,006	
Capital outlay			93,211	
 <b>Changes in Net Assets as reported in the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>			<u>\$ 1,001,669</u>	



## **AGENCY FUNDS**

***Special Assessment District VI Bonds*** – To account for funds held by the City as a paying agent of the special assessment district six projects debt service.

***Special Assessment District V Bonds*** – To account for funds held by the City as a paying agent of the special assessment district five projects debt service.

***Municipal Court Fund*** – To account for collections and payments of court fines, criminal bonds and other fees from and on behalf of the public.

***Motor Vehicle Division Fund*** – To account for license fees and revenue collected by the City as agent for the Motor Vehicle Division, State of New Mexico as allowed by New Mexico State Statute, Section 66.

***Rio Rancho Economic Development Fund*** – To account for contributions from builders for the Rio Rancho Economic Development Corporation. The fund is a pass-through fund; all revenues collected are remitted to RREDC.

**CITY OF RIO RANCHO, NEW MEXICO**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**JUNE 30, 2008**

	Special Assessment District VI Bonds	Special Assessment District V Bonds	RR Economic Development	Municipal Court
<b><u>ASSETS</u></b>				
Cash and investments	\$ 1,570,665	\$ 101,316	\$ 2,116	\$ 20,945
<b>Total assets</b>	<u>\$ 1,570,665</u>	<u>\$ 101,316</u>	<u>\$ 2,116</u>	<u>\$ 20,945</u>
<b><u>LIABILITIES</u></b>				
Deposits held for others	1,570,665	101,316	2,116	20,945
<b>Total liabilities</b>	<u>\$ 1,570,665</u>	<u>\$ 101,316</u>	<u>\$ 2,116</u>	<u>\$ 20,945</u>

Motor Vehicle Division	Totals
\$ 3,546	\$ 1,698,588
\$ 3,546	\$ 1,698,588
3,546	1,698,588
\$ 3,546	\$ 1,698,588

CITY OF RIO RANCHO, NEW MEXICO  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS  
YEAR ENDED JUNE 30, 2008

	Balance <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2008</u>
<b><u>SPECIAL ASSESSMENT DISTRICT V BONDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 49,248	\$ 107,731	\$ 55,663	\$ 101,316
Total assets	<u>\$ 49,248</u>	<u>\$ 107,731</u>	<u>\$ 55,663</u>	<u>\$ 101,316</u>
<u>Liabilities</u>				
Deposits held for others	\$ 49,248	\$ 107,731	\$ 55,663	\$ 101,316
Total liabilities	<u>\$ 49,248</u>	<u>\$ 107,731</u>	<u>\$ 55,663</u>	<u>\$ 101,316</u>
<b><u>MUNICIPAL COURT</u></b>				
<u>Assets</u>				
Cash and investments	\$ 17,915	\$ 75,247	\$ 72,217	\$ 20,945
Total assets	<u>\$ 17,915</u>	<u>\$ 75,247</u>	<u>\$ 72,217</u>	<u>\$ 20,945</u>
<u>Liabilities</u>				
Deposits held for others	\$ 17,915	\$ 75,247	\$ 72,217	\$ 20,945
Total liabilities	<u>\$ 17,915</u>	<u>\$ 75,247</u>	<u>\$ 72,217</u>	<u>\$ 20,945</u>
<b><u>RIO RANCHO ECONOMIC DEVELOPMENT</u></b>				
<u>Assets</u>				
Cash and investments	\$ -	\$ 33,600	\$ 31,484	\$ 2,116
Total assets	<u>\$ -</u>	<u>\$ 33,600</u>	<u>\$ 31,484</u>	<u>\$ 2,116</u>
<u>Liabilities</u>				
Deposits held for others	\$ -	\$ 33,600	\$ 31,484	\$ 2,116
Total liabilities	<u>\$ -</u>	<u>\$ 33,600</u>	<u>\$ 31,484</u>	<u>\$ 2,116</u>
<b><u>MOTOR VEHICLE DIVISION</u></b>				
<u>Assets</u>				
Cash and investments	\$ 1,416	\$ 2,031,403	\$ 2,029,273	\$ 3,546
Total assets	<u>\$ 1,416</u>	<u>\$ 2,031,403</u>	<u>\$ 2,029,273</u>	<u>\$ 3,546</u>
<u>Liabilities</u>				
Deposits held for others	\$ 1,416	\$ 2,031,403	\$ 2,029,273	\$ 3,546
Total liabilities	<u>\$ 1,416</u>	<u>\$ 2,031,403</u>	<u>\$ 2,029,273</u>	<u>\$ 3,546</u>

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b><u>SPECIAL ASSESSMENT DISTRICT VI BONDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 3,500,806	\$ 1,741,892	\$ 3,672,033	\$ 1,570,665
Total assets	<u>\$ 3,500,806</u>	<u>\$ 1,741,892</u>	<u>\$ 3,672,033</u>	<u>\$ 1,570,665</u>
<u>Liabilities</u>				
Deposits held for others	\$ 3,500,806	\$ 1,741,892	\$ 3,672,033	\$ 1,570,665
Total liabilities	<u>\$ 3,500,806</u>	<u>\$ 1,741,892</u>	<u>\$ 3,672,033</u>	<u>\$ 1,570,665</u>
<b><u>SPECIAL ASSESSMENT DISTRICT VII BONDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 334,884	\$ 497,791	\$ 832,675	\$ -
Total assets	<u>\$ 334,884</u>	<u>\$ 497,791</u>	<u>\$ 832,675</u>	<u>\$ -</u>
<u>Liabilities</u>				
Deposits held for others	\$ 334,884	\$ 497,791	\$ 832,675	\$ -
Total liabilities	<u>\$ 334,884</u>	<u>\$ 497,791</u>	<u>\$ 832,675</u>	<u>\$ -</u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<u>Assets</u>				
Cash and investments	\$ 3,904,269	\$ 4,487,664	\$ 6,693,345	\$ 1,698,588
Total assets	<u>\$ 3,904,269</u>	<u>\$ 4,487,664</u>	<u>\$ 6,693,345</u>	<u>\$ 1,698,588</u>
<u>Liabilities</u>				
Deposits held for others	\$ 3,904,269	\$ 4,487,664	\$ 6,693,345	\$ 1,698,588
Total liabilities	<u>\$ 3,904,269</u>	<u>\$ 4,487,664</u>	<u>\$ 6,693,345</u>	<u>\$ 1,698,588</u>

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**SUPPLEMENTAL INFORMATION REQUIRED  
BY THE NEW MEXICO STATE AUDITOR**

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CITY OF RIO RANCHO, NEW MEXICO  
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS  
AND PLEDGED COLLATERAL  
June 30, 2008

**DEPOSIT ACCOUNTS:**

Financial Institution:		Balances	
Account Name	Account Type	Reconciled	On Deposit
<b>Wells Fargo</b>			
Operating	Checking	\$ 19,701,864	\$ 19,324,858
Operating	Savings	51,081	51,081
Motor Vehicle	Checking	3,546	27,453
Municipal Court - Bond	Checking	20,945	23,580
<b>Total Wells Fargo Deposit Accounts</b>		<b>19,777,436</b>	<b>19,426,972</b>
<b>Total Deposit Accounts</b>		<b>\$ 19,777,436</b>	<b>\$ 19,426,972</b>

**INVESTMENT ACCOUNTS**

Financial Institution:		Cost	Market
Account Name	Account Type		
<b>State of New Mexico</b>			
Local Government Investment Pool	Investment	\$ 38,303,446	\$ 38,303,446
<b>Total State of New Mexico Investment Accounts</b>		<b>38,303,446</b>	<b>38,303,446</b>
<b>New York Bank</b>			
Money Market - U.S. Treasury	Investment	515,793	515,793
Commercial Paper	Investment	575,745	574,606
<b>Total New York Bank Investment Accounts</b>		<b>1,091,538</b>	<b>1,090,399</b>
<b>Wells Fargo Bank</b>			
Certificate of Deposit	Investment	17,200,000	17,200,000
Commerical Paper	Investment	16,876,118	16,922,907
<b>Total Wells Fargo Bank Investment Accounts</b>		<b>34,076,118</b>	<b>34,122,907</b>
<b>Total Investment Accounts</b>		<b>\$ 73,471,103</b>	<b>\$ 73,516,752</b>

**PLEDGED COLLATERAL**

Custodian	Security	CUSIP Number	Location	Maturity Date	Fair Market Value
Wells Fargo	FNCL	31371MU96	San Francisco, CA	07/01/36	3,172,638
Wells Fargo	FNCL	31409GM37	San Francisco, CA	07/01/36	26,439,831
Wells Fargo	FNCL	31409GGZ3	San Francisco, CA	06/01/36	10,215,709
<b>Total Pledged Collateral</b>					<b>\$ 39,828,177</b>

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**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**JUNE 30, 2008**

**Participants:** New Mexico Energy, Minerals, and Natural Resources Department,  
State Forestry Division (EMNRD)

**Responsible Party:** EMNRD

**Description:** The control of timer, grass, and woodland fires in and adjacent to suburban areas is essential to an effective fire control program ("Program"). The City and EMNRD agree to maintain, in accordance with the "Program," to provide a cooperative fire protection system covering any or all private, County, non-municipal, and state lands within or adjacent to the City.

**Date of Agreement:** 7/1/2006 to 7/1/2011

**Total Amount/City Share:** Cost shared per occurrence

**Fiscal Year 2008 Amount:** \$-0-

**Audit Responsibility:** City and EMNRD

---

**Participants:** County of Sandoval, Village of Corrales, Town of Bernalillo, and Santa Ana Pueblo

**Responsible Party:** Sandoval County Regional Emergency Communications Center (SCRECC)

**Description:** Operating, administering, and maintaining a joint enhanced 911 Regional Communications Center to provide emergency telephone access for the citizens of the parties' agreement and to provide for the emergency communications needs of the public safety agencies of the parties' agreement.

**Dates of Agreement:** 7/1/03-indefinite

**Total Amount/City Share:** 56%

**Fiscal Year 2008 Amount:** \$1,250,642

**Audit Responsibility:** Sandoval County Regional Emergency Communications Center Board.

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**JUNE 30, 2008**  
**(Cont'd)**

**Participants:** New Mexico Self-Insurer's Fund (NMSIF)

**Responsible Party:** The Board of Trustees

**Description:** To permit the members joining herein to make a more efficient use of their powers and resources by cooperating on a basis that will be of mutual advantage; and to provide a procedure for securing benefits, services, indemnification or protection for members and their employees relating to insurance or self-insurance.

**Dates of Agreement:** 7/1/96 – indefinite.

**Total Amount/City Share:** City share 100%.

**Fiscal Year 2008 Amount:** \$1,068,843

**Audit Responsibility:** NMSIF

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**Participants:** New Mexico Taxation & Revenue Department

**Responsible Party:** N/A

**Description:** Appointment as agent for issuance of Tax ID

**Dates of Agreement:** 08/01/1988 - indefinite

**Total Amount/City Share:** N/A

**Fiscal Year 2008 Amount:** N/A

**Audit Responsibility:** N/A

**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**JUNE 30, 2008**  
**(Concl'd)**

**Participants:** New Mexico Energy, Minerals, and Natural Resources Department,  
State Forestry Division (EMNRD)

**Responsible Party:** EMNRD

**Description:** Use of inmate crews to perform natural resource improvements to City  
property and provide vocational training for inmates classified by the  
Corrections Department as minimum-security inmates.

**Dates of Agreement:** December 1, 2003, until terminated by either party

**Total Amount/City Share:** N/A

**Fiscal Year 2008 Amount:** N/A

**Audit Responsibility:** N/A

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## **STATISTICAL SECTION**

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## STATISTICAL SECTION

This part of the City of Rio Rancho's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>CONTENTS</u></b>	<b><u>Page</u></b>
<b>FINANCIAL TRENDS</b>	177
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>REVENUE CAPACITY</b>	184
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
<b>DEBT CAPACITY</b>	189
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	194
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
<b>OPERATING INFORMATION</b>	198
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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**City of Rio Rancho, New Mexico**  
**Net Assets By Component**  
**Last Six Years**

Schedule 1

(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 20,680,510	\$ 27,306,972	\$ 98,222,797	\$ 159,084,358	\$ 184,408,573	\$ 197,267,351
Restricted	4,839,243	5,203,879	30,233,533	36,157,574	19,344,282	8,797,171
Unrestricted	12,483,992	15,762,666	(1,967,967)	653,855	18,443,967	22,168,709
Total governmental activities net assets	\$ 38,003,745	\$ 48,273,517	\$ 126,488,363	\$ 195,895,787	\$ 222,196,822	\$ 228,233,231
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ (3,234,236)	\$ 317,688	\$ 18,092,619	\$ 45,520,647	\$ 57,733,951	\$ 72,484,053
Restricted	2,675,000	2,985,858	3,615,705	8,378,213	11,581,655	11,284,077
Unrestricted	17,738,726	19,425,371	22,040,446	20,805,858	19,686,293	26,649,899
Total business-type activities net assets	\$ 17,179,490	\$ 22,728,917	\$ 43,748,770	\$ 74,704,718	\$ 89,001,899	\$ 110,418,029
<b>Primary government</b>						
Invested in capital assets, net of related debt	\$ 17,446,274	\$ 27,624,660	\$ 116,315,416	\$ 204,605,005	\$ 242,142,524	\$ 269,751,404
Restricted	7,514,243	8,189,737	33,849,238	44,535,787	30,925,937	20,081,248
Unrestricted	30,222,718	35,188,037	20,072,479	21,459,713	38,130,260	48,818,608
Total primary government net assets	\$ 55,183,235	\$ 71,002,434	\$ 170,237,133	\$ 270,600,505	\$ 311,198,721	\$ 338,651,260

**Source:** The City's Financial Records, Financial Services Department

**Notes:** The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

The significant increase in net assets in fiscal year 2005 is due to the addition of infrastructure assets.

## Schedule 2

Fiscal Year
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**Source:** The City's Financial Records, Financial Services Department

**Note:** The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

City of Rio Rancho, New Mexico

Changes in Net Assets

Last Six Years

(accrual basis of accounting)

Schedule 2  
(Concl'd)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Net (Expense)/Revenue						
Governmental activities	\$ (26,172,464)	\$ (21,181,513)	\$ (26,460,229)	\$ (6,691,078)	\$ (24,673,306)	\$ (45,314,665)
Business-type activities	924,713	2,978,723	8,703,697	22,632,333	10,859,474	18,657,330
Total primary government net assets	<u>\$ (25,247,751)</u>	<u>\$ (18,202,790)</u>	<u>\$ (17,756,532)</u>	<u>\$ 15,941,255</u>	<u>\$ (13,813,832)</u>	<u>\$ (26,657,335)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes:						
Property taxes	\$ 6,689,973	\$ 6,804,458	\$ 7,447,467	\$ 8,394,598	\$ 9,759,949	\$ 12,857,673
Gross receipts taxes	9,786,994	9,920,581	13,120,239	19,526,233	18,858,973	18,148,103
Franchise taxes	2,108,304	2,232,546	2,301,133	2,692,885	2,800,615	2,898,700
Unrestricted grants, aid and state shared revenues	8,876,352	9,848,581	11,218,874	13,034,242	15,969,522	14,268,918
Investment income	261,638	241,122	485,905	2,004,373	2,881,181	1,167,530
Miscellaneous	105,043	73,290	70,498	15,590	704,101	2,010,150
Impact fees (A)	<u>1,377,679</u>	<u>2,330,707</u>	<u>3,527,405</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>29,205,983</u>	<u>31,451,285</u>	<u>38,171,521</u>	<u>45,667,921</u>	<u>50,974,341</u>	<u>51,351,074</u>
Business-type activities						
Investment income	293,196	301,144	418,277	2,611,880	3,437,707	2,711,197
Miscellaneous	-	-	-	-	-	47,603
Impact fees (A)	<u>1,165,174</u>	<u>2,269,560</u>	<u>3,629,855</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>1,458,370</u>	<u>2,570,704</u>	<u>4,048,132</u>	<u>2,611,880</u>	<u>3,437,707</u>	<u>2,758,800</u>
Total primary government	<u>\$ 30,664,353</u>	<u>\$ 34,021,989</u>	<u>\$ 42,219,653</u>	<u>\$ 48,279,801</u>	<u>\$ 54,412,048</u>	<u>\$ 54,109,874</u>
Change in Net Assets						
Governmental activities	\$ 3,033,519	\$ 10,269,772	\$ 11,711,292	\$ 38,976,843	\$ 26,301,035	\$ 6,036,409
Business-type activities	2,383,083	5,549,427	12,751,829	25,244,213	14,297,181	21,416,130
Total primary government	<u>\$ 5,416,602</u>	<u>\$ 15,819,199</u>	<u>\$ 24,463,121</u>	<u>\$ 64,221,056</u>	<u>\$ 40,598,216</u>	<u>\$ 27,452,539</u>

Source: The City's Financial Records, Financial Services Department

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

(A) - Beginning in fiscal year 2006, impact fees are reclassified as Capital Grants and Contributions.

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City of Rio Rancho, New Mexico  
Fund Balances, Governmental Funds,  
Last Ten Years  
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Unreserved	\$ 6,952,750	\$ 6,738,485	\$ 7,947,671	\$ 6,954,382	\$ 9,499,506	\$ 11,670,614	\$ 15,456,118	\$ 20,969,824	\$ 19,180,448	\$ 13,787,854
Total general fund	\$ 6,952,750	\$ 6,738,485	\$ 7,947,671	\$ 6,954,382	\$ 9,499,506	\$ 11,670,614	\$ 15,456,118	\$ 20,969,824	\$ 19,180,448	\$ 13,787,854
All other Governmental Funds										
Unreserved, reported in:										
Special revenue funds	\$ 2,090,839	\$ 2,851,864	\$ 3,087,709	\$ 2,807,871	\$ 2,116,294	\$ 3,705,958	\$ 4,167,797	\$ 5,649,848	\$ 6,602,598	\$ 5,754,154
Capital project funds	1,987,337	1,782,081	2,443,365	7,735,923	3,984,257	5,718,637	32,834,006	39,254,295	24,834,816	11,381,019
Debt service funds	2,472,101	2,990,769	6,093,736	2,997,232	2,268,155	1,399,764	1,441,050	1,885,213	1,609,098	3,848,464
Total all other governmental funds	\$ 6,550,277	\$ 7,624,714	\$ 11,624,810	\$ 13,541,026	\$ 8,368,706	\$ 10,824,359	\$ 38,442,853	\$ 46,789,356	\$ 33,046,512	\$ 20,983,637

Source: The City's Financial Records, Financial Services Department

City of Rio Rancho, New Mexico  
Changes in Fund Balances, Governmental Funds,  
Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues:</b>										
Taxes	\$ 16,807,771	\$ 20,173,498	\$ 20,027,275	\$ 19,536,360	\$ 24,742,640	\$ 26,582,465	\$ 31,794,472	\$ 40,938,066	\$ 44,497,571	\$ 44,647,539
Licenses and permits	295,309	317,379	285,032	395,916	311,528	365,929	388,605	379,136	375,559	362,924
Intergovernmental	4,304,758	2,331,871	1,971,958	2,870,889	4,013,780	3,336,576	3,102,857	6,843,550	14,967,100	7,160,889
Impact fees	-	-	-	-	1,377,679	2,330,707	3,527,405	3,656,952	3,346,000	1,969,502
Charges for services	3,278,010	3,672,019	4,284,811	4,101,025	2,552,937	3,855,894	5,902,794	7,650,816	6,266,634	5,798,568
Fines and forfeits	445,849	573,141	537,532	375,396	767,544	965,513	1,051,048	1,076,497	1,158,149	1,176,750
Franchise fees	1,757,092	1,699,143	1,842,634	2,050,932	2,108,304	2,232,546	2,301,133	2,692,885	2,800,615	2,898,700
Contributions and donations	61,177	66,847	38,682	40,187	192,282	50,559	168,816	2,129,098	1,707,453	35,554
Investment income	609,732	657,857	770,370	490,754	261,638	241,246	485,905	2,004,373	2,881,181	1,574,356
Other revenues	501,363	678,630	376,500	605,424	573,205	1,029,552	1,272,014	2,458,128	1,859,006	3,089,261
<b>Total revenues</b>	<b>\$ 28,061,061</b>	<b>\$ 30,170,385</b>	<b>\$ 30,134,794</b>	<b>\$ 30,466,883</b>	<b>\$ 36,901,537</b>	<b>\$ 40,990,987</b>	<b>\$ 49,995,049</b>	<b>\$ 69,829,501</b>	<b>\$ 79,859,268</b>	<b>\$ 68,714,043</b>
<b>Expenditures:</b>										
Current -										
General government	\$ 3,665,743	\$ 4,132,723	\$ 3,778,539	\$ 3,489,828	\$ 3,234,328	\$ 4,132,923	\$ 4,118,240	\$ 4,620,073	\$ 9,116,075	\$ 8,741,072
Public safety	9,675,482	10,979,531	11,646,244	11,910,044	11,514,788	13,322,440	14,309,389	17,415,423	21,579,173	26,644,563
Public works	2,500,813	2,819,195	3,020,721	4,886,254	3,769,896	3,908,421	4,787,679	5,917,153	8,836,988	10,584,274
Cultural and recreation	3,517,554	3,717,521	3,718,961	4,497,924	4,846,580	5,410,416	5,776,812	7,001,339	8,286,106	8,716,377
Economic development	1,024,163	1,017,689	1,153,218	1,283,781	1,234,514	1,404,916	1,961,868	2,557,163	2,864,539	3,467,383
Capital outlay	7,943,314	4,697,087	2,701,572	3,635,519	11,751,245	5,715,359	9,018,610	21,467,039	42,317,946	24,548,094
Debt service -										
Payment to bond escrow agent	-	-	-	-	-	660,060	-	-	-	-
Principal	1,066,259	1,117,503	1,195,000	1,515,254	3,338,249	2,270,869	2,452,119	2,827,984	3,128,174	2,097,825
Interest and fiscal charges	832,603	828,964	740,242	616,721	744,561	648,944	640,372	1,338,273	1,958,773	1,601,563
Bond issuance costs	-	-	-	-	-	113,371	386,061	135,027	-	-
<b>Total expenditures</b>	<b>30,225,931</b>	<b>29,310,213</b>	<b>27,954,497</b>	<b>31,835,325</b>	<b>40,434,161</b>	<b>37,587,719</b>	<b>43,451,150</b>	<b>63,279,474</b>	<b>98,087,774</b>	<b>86,401,151</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (2,164,870)</b>	<b>\$ 860,172</b>	<b>\$ 2,180,297</b>	<b>\$ (1,368,442)</b>	<b>\$ (3,532,624)</b>	<b>\$ 3,403,268</b>	<b>\$ 6,543,899</b>	<b>\$ 6,550,027</b>	<b>\$ (18,228,506)</b>	<b>\$ (17,687,108)</b>

Source: The City's Financial Records, Financial Services Department



**City of Rio Rancho, New Mexico**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Other Financing Sources (Uses):</b>										
Issuance of general obligation bonds	\$ -	\$ -	\$ -	\$ 5,000,000	\$ -	\$ -	\$ 5,500,000	\$ 7,000,000	\$ -	\$ -
Issuance of revenue bonds	-	-	-	-	-	4,465,000	18,130,000	-	-	-
Loan proceeds	-	-	-	-	1,371,188	-	215,556	-	2,696,286	231,639
Premium on sale of bonds	-	-	-	-	-	105,708	1,014,543	310,182	-	-
Transfer in	750,922	841,510	566,616	476,698	1,468,764	1,500,814	4,151,710	7,058,925	12,410,603	7,204,181
Payment to bond escrow agent	-	-	-	-	-	(3,347,215)	-	-	-	-
Transfer out	(750,922)	(841,510)	(566,616)	(476,698)	(1,468,764)	(1,500,814)	(4,151,710)	(7,058,925)	(12,410,603)	(7,204,181)
<b>Total other financing sources (uses)</b>	-	-	-	5,000,000	1,371,188	1,223,493	24,860,099	7,310,182	2,696,286	231,639
<b>Net Change in fund balances</b>	<b>\$ (2,164,870)</b>	<b>\$ 860,172</b>	<b>\$ 2,180,297</b>	<b>\$ 3,631,558</b>	<b>\$ (2,161,436)</b>	<b>\$ 4,626,761</b>	<b>\$ 31,403,998</b>	<b>\$ 13,860,209</b>	<b>\$ (15,532,220)</b>	<b>\$ (17,455,469)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.52%</b>	<b>7.91%</b>	<b>7.66%</b>	<b>7.56%</b>	<b>10.89%</b>	<b>11.04%</b>	<b>8.60%</b>	<b>12.79%</b>	<b>9.04%</b>	<b>6.04%</b>

**Source:** The City's Financial Records, Financial Services Department

City of Rio Rancho, New Mexico  
Taxable and Full Value of Property  
Last Ten Fiscal Years

Fiscal Year	Sandoval County										Rio Rancho Share in Sandoval County Net Taxable Value	
	Residential property			Commercial Property			Less: Tax-exempt Property		Total			
	Taxable Value	Full Value	Full Value	Taxable Value	Full Value	Full Value	Property	Value	Net Taxable Value	Full Value		
1999	\$ 893,675,161	N/A	N/A	\$ 420,912,466	N/A	N/A	\$ 116,697,723	\$ 1,197,889,904	\$ 3,827,065,158	6.83	\$ 261,541,633	22%
2000	955,184,924	N/A	N/A	373,274,077	N/A	N/A	119,544,280	1,208,914,721	3,865,832,723	6.96	268,907,324	22%
2001	1,008,808,879	3,026,426,637		364,278,356	1,092,835,068		120,598,543	1,252,488,692	3,998,663,162	7.06	282,185,659	23%
2002	1,087,166,242	3,261,498,726		468,369,933	1,405,109,799		125,337,156	1,430,199,019	4,541,271,369	7.98	362,529,693	25%
2003	1,181,396,970	3,544,190,910		386,437,811	1,159,313,433		139,285,763	1,428,549,018	4,564,218,580	8.30	378,875,784	27%
2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2005	1,441,214,926	1,921,619,853		435,359,989	580,479,971		164,240,183	1,712,334,732	2,283,112,919	8.35	190,708,422	11%
2006	1,702,012,677	2,269,350,179		467,597,877	623,463,820		175,879,345	1,993,731,209	2,658,308,212	7.96	211,601,334	11%
2007	2,076,419,611	2,768,559,412		972,070,958	1,296,094,578		221,336,819	2,827,153,750	3,769,538,239	7.97	300,582,979	11%
2008	2,352,908,682	3,137,211,498		1,015,360,974	1,353,814,598		241,137,494	3,127,132,162	4,169,509,445	7.91	329,683,112	11%

**Source:** Sandoval County Assessor's Office Valuation Summary 1999 through 2003, Sandoval County Assessor's Office Abstract 2005 through 2008.

**Notes:** Full value figures for residential and commercial property are unavailable for 1998 through 2000, only the total full value is available.  
No information is available for 2004.

**City of Rio Rancho, New Mexico**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(rate per \$1,000 of assessed value)**

Schedule 6

Fiscal Year	City of Rio Rancho			Overlapping Rates				Total
	General Fund	Debt Service Fund	Total	State	County	School District	Central NM Comm. College	
1999	5.690	1.144	6.834	1.482	5.126	10.586	2.427	26.455
2000	5.816	1.140	6.956	1.529	5.516	10.735	2.989	27.725
2001	5.917	1.140	7.057	1.765	5.620	10.762	3.008	28.212
2002	5.983	2.000	7.983	1.123	5.713	10.750	3.008	28.577
2003	6.227	2.074	8.301	1.520	5.759	10.758	3.011	29.349
2004	6.300	2.067	8.367	1.028	6.940	10.760	3.019	30.114
2005	6.286	2.067	8.353	1.234	6.384	10.756	3.038	29.765
2006	6.138	1.826	7.964	1.291	6.271	10.704	3.027	29.257
2007	5.914	2.060	7.974	1.221	5.800	10.624	2.992	28.611
2008	5.847	2.060	7.907	1.250	5.368	10.899	2.989	28.413

Source: State of New Mexico Department of Finance and Administration

**City of Rio Rancho, New Mexico**  
**Principal Property Tax Payers**  
**Current Year and Two Years Ago**

**Schedule 7**

<b>Tax Payer</b>	<b>2007</b>		<b>2005 (B)</b>	
	<b>Taxable Assessed Value (A)</b>	<b>Percent of Total Taxable Valuation</b>	<b>Taxable Assessed Value (A)</b>	<b>Percent of Total Taxable Valuation</b>
PNM	\$ 58,046,311	2.77%	\$ 19,672,866	1.57%
Mid-America Pipeline Co.	46,423,688	2.22%	-	0.00%
Arrowhead Ridge Apartments	23,294,282	1.11%	-	0.00%
Mid-America Pipeline Co.	22,111,626	1.06%	-	0.00%
Qwest	18,680,877	0.89%	5,040,773	0.40%
Wal-Mart Stores	16,814,281	0.80%	-	0.00%
Lafarge Southwest, Inc.	16,140,156	0.77%	-	0.00%
Presbyterian Healthcare	-	0.00%	6,123,432	0.49%
G & I III Pinnacle High Resort	-	0.00%	5,950,897	0.48%
Leisure Care, Inc.	-	0.00%	3,098,353	0.25%
U.S. Cotton	-	0.00%	2,826,114	0.23%
Meadowlark Apartments	-	0.00%	2,536,400	0.20%
Fulcrum Building, Inc.	-	0.00%	2,259,561	0.18%
Target	-	0.00%	2,043,463	0.16%
<b>Total</b>	<b>\$ 201,511,221</b>	<b>9.62%</b>	<b>\$ 49,551,859</b>	<b>3.97%</b>

**Source:** Sandoval County Assessor's Office

**Note:** The fiscal year for collection is November through October. This schedule uses the 2008 collection year information.

(A) - The large difference between Taxable Assessed Values from 2005 to 2007 is due to increases in assessed valuations from the County Assessor's Office based on the latest property price information.  
Land values had previously been greatly undervalued due to lack of accurate information on sale prices of land.

(B) - Information is not available for nine (9) years prior.

**City of Rio Rancho, New Mexico  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Schedule 8

Fiscal Year	Taxes Levied for the Fiscal Year (A)	Collected within the Fiscal Year of the Levy		Delinquent Tax Collection (A)	Total Tax Collection	Ratio of Total Tax Collections to Total Tax		Ratio of Outstanding Delinquent Taxes	
		Amount (A)	Percentage			Delinquent Taxes	Outstanding Taxes		
1998	4,300,923	4,298,296	100%	116	4,298,412	100%	2,511	0%	
1999	4,427,924	4,423,642	100%	813	4,424,455	100%	3,469	0%	
2000	4,765,427	4,758,187	100%	2,337	4,760,524	100%	4,903	0%	
2001	5,162,406	5,152,438	100%	4,742	5,157,180	100%	5,226	0%	
2002	6,274,889	6,253,030	100%	12,696	6,265,726	100%	9,163	0%	
2003	6,935,320	6,868,363	99%	46,857	6,915,220	100%	20,101	0%	
2004	7,558,650	7,299,238	97%	191,081	7,490,320	99%	68,330	1%	
2005	8,454,578	8,135,231	96%	231,028	8,366,259	99%	319,348	4%	
2006	9,679,603	9,297,367	96%	289,712	9,587,079	99%	382,236	4%	
2007	12,896,884	12,231,289	95%	-	12,231,289	95%	665,595	5%	

Source: Sandoval County Treasurer's Office

(A) - Subject to change each day due to additions and deletions of levied and collected amounts.

City of Rio Rancho, New Mexico  
Taxable Gross Receipts by Type of Trade  
Last Ten Fiscal Years

Schedule 9

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Construction	\$ 90,940,884	\$ 82,942,594	\$ 92,796,637	\$119,905,115	\$132,253,800	\$165,091,463	\$256,139,117	\$393,313,384	\$ 490,940,456	\$ 375,570,976
Manufacturing	15,446,920	11,355,050	10,130,287	10,354,938	11,248,498	9,832,558	8,021,933	8,226,714	14,124,152	10,518,506
Transportation, Communication and Utility	70,355,616	75,436,983	84,499,054	80,760,303	75,561,870	85,778,516	97,765,401	109,619,203	110,037,820	98,640,371
Wholesale	8,091,784	7,226,060	7,675,161	7,118,861	9,861,828	12,215,397	11,836,622	13,745,588	11,293,040	11,301,564
Retail	176,964,350	183,917,424	205,587,902	195,299,852	196,833,445	216,675,986	226,347,806	280,255,799	402,411,448	455,834,662
Finance, Insurance and Real Estate	41,162,475	19,510,348	9,993,040	7,629,312	10,546,012	10,239,936	14,928,802	32,469,846	32,486,743	29,108,506
Services	101,929,869	91,636,902	108,574,536	120,057,168	121,770,994	158,635,704	174,467,008	161,736,299	172,096,364	199,175,032
Other (A)	18,938,331	-	-	43,004	32,594,983	25,648,098	21,834,798	(9,632,397)	(22,743,369)	(102,518,633)
Total Taxable Gross Receipts	\$523,830,229	\$472,025,361	\$519,256,617	\$541,168,553	\$590,671,430	\$684,117,658	\$811,341,487	\$989,734,436	\$1,210,646,654	\$ 1,077,630,984
City direct sales tax rate	6.1875%	6.1875%	6.1875%	6.1875%	6.1875%	6.1875%	6.6875%	6.6875%	6.6875%	6.6875%
Sandoval County direct sales tax rate	5.6250%	5.7500%	5.7500%	5.7500%	5.7500%	5.7500%	6.0000%	6.0000%	6.0000%	6.0000%

Source: State of New Mexico, Department of Taxation and Revenue

Notes: Unable to provide schedule of Principal Sales Tax Remitters, per New Mexico Taxation and Revenue Laws and Regulations 2004 Edition, section 7-1-8, Confidentiality of returns and other information.

(A) - This category is made up of "undetermined establishments" due to adjustments of monthly reportings by the state, therefore, negative amounts may be reported.

## City of Rio Rancho, New Mexico

## Ratios of Outstanding Debt by Type

## Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (A)	Per Capita
	General Obligation Bonds	GRT		Notes Payable	Revenue Bonds	Loan Payable					
		Revenue Bonds									
1999	6,105,000	8,675,000		482,503	83,990,000	1,286,595	100,539,098	1.99%	1,933		
2000	5,620,000	8,060,000		424,000	83,090,000	5,274,811	102,468,811	2.12%	1,979		
2001	5,070,000	7,415,000		381,000	81,830,000	8,123,695	102,819,695	2.32%	1,967		
2002	9,445,000	6,735,000		362,690	80,160,000	9,785,900	106,488,590	2.25%	1,975		
2003	8,740,000	4,285,000		1,645,773	78,110,000	10,486,627	103,267,400	2.38%	1,842		
2004	7,350,000	4,225,000		1,447,904	80,095,000	10,096,360	103,214,264	2.58%	1,754		
2005	11,270,000	21,840,000		1,306,341	134,340,000	9,694,384	178,450,725	1.64%	2,858		
2006	16,765,000	20,980,000		843,357	130,555,000	9,280,350	178,423,707	1.79%	2,687		
2007	15,075,000	20,225,000		2,856,469	159,655,000	8,853,895	206,665,364	N/A	2,886		
2008	14,325,000	19,445,000		2,520,283	154,200,000	8,414,645	198,904,928	N/A	2,618		

Source: The City's Financial Records, Financial Services Department

(A) - This information uses Sandoval County Personal Income through 2006, this information is not available for 2007 and 2008. Years 2004 and 2005 have been amended.

**City of Rio Rancho, New Mexico**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Schedule 11**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita (A)</b>
1999	6,105,000	717,877	5,387,123	0.78%	103.57
2000	5,620,000	738,162	4,881,838	0.67%	94.31
2001	5,070,000	754,918	4,315,082	0.56%	82.54
2002	9,445,000	744,387	8,700,613	1.07%	161.38
2003	8,740,000	1,406,030	7,333,970	0.85%	130.79
2004	7,350,000	1,383,965	5,966,035	0.64%	101.39
2005	11,270,000	1,296,944	9,973,056	0.95%	159.72
2006	16,765,000	1,469,470	15,295,530	1.22%	230.33
2007	15,075,000	1,506,930	13,568,070	0.74%	189.48
2008	14,325,000	3,584,693	10,740,307	0.51%	141.36

**Source:** The City's Financial Records, Financial Services Department

**(A)** - This information uses the Bureau of Business and Economic Research (BBER) City of Rio Rancho population estimation.



**City of Rio Rancho, New Mexico**  
**Computation of Direct and Overlapping Debt**  
**As of June 30, 2008**

Schedule 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share Applicable to City</u>
<b>Debt repaid with property taxes</b>			
State of New Mexico	\$ 309,865,000	4.16%	\$ 12,875,173
Sandoval County	21,205,000	64.69	13,718,297
Central NM Community College	29,025,000	12.06	3,501,176
SCAFCA	18,510,000	83.98	15,545,121
Rio Rancho School District	106,430,000	95.40	101,535,632
Cabazon Public Improvement District	10,705,000	100.00	10,705,000
Mariposa East Public Improvement District	16,000,000	100.00	16,000,000
Subtotal, overlapping debt			173,880,399
City direct debt			36,290,283
Total direct & overlapping debt			\$ 210,170,682

Source: Sandoval County Assessor's Office

City of Rio Rancho, New Mexico  
Computation of Legal Debt Margin  
Last Ten Fiscal Years

Schedule 13

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed value	\$2,094,127,810
Debt limit (4% of assessed value)	83,765,112
Debt applicable to limit:	
General obligation bonds	14,325,000
Less: Amount set aside for	
repayment of general obligation debt	3,584,693
Total net debt applicable to limit	10,740,307
Legal debt margin	\$73,024,805

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 27,674,157	\$ 29,231,463	\$ 30,772,240	\$ 32,608,188	\$ 34,478,085	\$ 37,001,873	\$ 41,810,547	\$ 49,987,941	\$ 73,611,213	\$ 83,765,112
Total net debt applicable to limit	5,387,123	4,881,838	4,315,082	8,700,613	7,333,970	5,966,035	9,973,056	15,295,530	13,568,070	10,740,307
Total net debt applicable to the limit as a percentage of debt limit	19.47%	16.70%	14.02%	26.68%	21.27%	16.12%	23.85%	30.60%	18.43%	12.82%

Sources: The City's Financial Records, Financial Services Department and the Sandoval County Assessor's Office

City of Rio Rancho, New Mexico  
Pledged Revenue Bond Coverage  
Last Ten Fiscal Years

Schedule 14

Gross Receipts Tax Bonds					Business-Type Bonds						
Fiscal Year	Gross Receipts		Debt Service Requirements		Gross Revenues	Expenditures (A)	Net Revenue Available for Debt Service	Debt Service Requirements			
	Tax Increment	Principal	Interest	Total				Principal	Interest	Total	Coverage
1999	1,007,366	585,000	462,247	1,047,247	14,405,928	6,630,734	7,775,194	390,000	4,867,963	5,257,963	1.48
2000	1,169,075	615,000	433,515	1,048,515	14,671,167	5,736,411	8,934,756	900,000	4,417,043	5,317,043	1.68
2001	1,120,117	645,000	435,668	1,080,668	14,194,116	5,116,088	9,078,028	1,260,000	4,377,330	5,637,330	1.61
2002	872,032	680,000	368,836	1,048,836	16,460,803	8,966,365	7,494,438	1,670,000	4,318,880	5,988,880	1.25
2003	3,664,165	*2,450,000	264,056	264,056	16,557,012	21,758,570	(5,201,558)	2,050,000	4,195,938	6,245,938	-0.83
2004	1,608,954	683,000	179,113	862,113	18,145,771	11,286,038	6,859,733	2,410,000	4,042,563	6,452,563	1.06
2005	762,300	515,000	137,581	652,581	20,900,461	19,513,838	1,386,623	2,730,000	4,047,077	6,777,077	0.20
2006	1,892,470	860,000	837,724	1,697,724	32,117,610	21,875,800	10,241,810	3,785,000	6,550,574	10,335,574	0.99
2007	1,704,815	755,000	938,480	1,693,480	31,911,403	24,744,962	7,166,441	3,830,000	6,342,361	10,172,361	0.70
2008	1,605,009	780,000	917,193	1,697,193	44,854,329	25,849,840	19,004,489	5,455,000	7,915,038	13,370,038	1.42

Source: The City's Financial Records, Financial Services Department

(\*) - The 2003 refunding bonds did not require a reserve, therefore, the City used the 1995 reserve requirement to make additional payments on the 1995 bonds.

(A) - Expenditures are calculated by adding the Operating and Nonoperating Expenses from the Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Proprietary Funds.

**City of Rio Rancho, New Mexico**  
**Demographics and Economic Statistics**  
**Last Ten Fiscal Years**

Year	City		County Population	Personal Income	Per Capita Personal Income			Unemployment Rate		
	Population				U.S.	New Mexico	Sandoval County	U.S.	New Mexico	Sandoval County
1999	52,012		88,116	1,995,912	27,939	21,042	22,651	4.20%	5.60%	4.00%
2000	51,765		89,908	2,168,705	29,843	22,143	23,768	4.00%	5.00%	4.30%
2001	52,278		91,246	2,381,792	30,562	24,132	25,571	4.70%	4.90%	4.60%
2002	53,915		93,146	2,398,481	30,821	24,310	25,071	5.80%	5.50%	5.80%
2003	56,074		95,666	2,454,258	31,504	24,945	24,947	6.00%	5.90%	5.90%
2004	58,845		98,380	2,661,046	33,123	26,326	26,277	5.50%	5.70%	5.50%
2005	62,440		101,269	2,924,715	34,757	28,175	27,670	5.10%	5.20%	5.10%
2006	66,407		105,700	3,190,182	36,714	29,929	28,484	4.60%	4.30%	4.40%
2007	71,607		112,000	N/A	38,611	31,474	N/A	4.60%	3.50%	4.00%
2008	75,978		117,866	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Source:** New Mexico Department of Labor for 1999

Bureau of Business and Economic Research (BBER) for 2000 through 2008

**Notes:** Personal income, per capita income and unemployment rates are only available for the county, not for the city.

Personal income and per capita personal income for Sandoval county is not available for 2007.

No information except city and county population is available for 2008.

**City of Rio Rancho, New Mexico**  
**Principal Employers**  
**Current Year and Seven Years Ago**

**Schedule 16**

<u>Employer</u>	<u>2008 (B)</u>			<u>2001 (A)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Intel Corporation	5,000	1	9%	5,800	1	21%
Rio Rancho Public Schools	1,838	2	3%	1,042	4	4%
Intel Subcontractors	1,300	3	2%	2,000	2	7%
Sprint PCS	800	4	1%	1,200	3	4%
Bank of America Banking Services	700	5	1%	400	8	1%
City of Rio Rancho	651	6	1%	470	6	2%
e Telecare Global Solution	600	7	1%	-		0%
Brycon Construction	422	8	1%	-		0%
Sandoval County	406	9	1%	-		0%
Victoria's Secret Catalogue	400	10	1%	681	5	3%
JC Penney Company	-			-		0%
Don Chalmers Ford	-			170	10	1%
Spartan Technology	-			-		0%
Gateway Computers	-			455	7	2%
U.S. National Guard Hawk Facility	-			300	9	1%
Total Major Employers-Sandoval County *	<u>12,117</u>			<u>12,518</u>		
Total Sandoval County Employment **	<u>53,681</u>			<u>27,116</u>		

**Sources:** (\*) Rio Rancho Economic Development Corporation

(\*\*) New Mexico Department of Labor, Economic Research and Analysis, 2007

(A) - Information is not available for nine (9) years prior.

(B) -Most current data available is from the 2007 Rio Rancho Economic Development Corporation Annual Survey.

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City of Rio Rancho, New Mexico

Schedule 17

Full-time-Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	Full-Time-Equivalent Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
City Administration	13	13	11	10	11	11	12	3	4	5
Human Resources	11	11	11	11	11	13	13	11	10	10
City Clerk	4	4	4	4	4	4	4	4	4	4
City Attorney	6	6	6	5	5	5	5	5	6	7
Municipal Court	11	11	11	12	12	12	12	12	13	13
Finance	19	19	19	17	18	18	19	30	30	35
Public Safety										
Police	101	101	104	103	101	101	106	118	123	124
Firefighters	34	37	37	43	49	46	50	56	99	100
Civilians	49	52	50	52	58	70	66	72	90	88
Public Works										
Engineering	7	7	7	7	8	8	9	13	21	25
Others	50	50	50	50	50	50	53	65	77	75
Parks and Recreation	74	73	73	73	69	75	75	78	110	132
Senior Services	12	14	14	15	15	15	15	18	17	17
Library and Information Services	20	20	20	19	19	22	25	30	36	36
City Development	19	20	20	21	22	20	20	32	40	42
Special Funds	4	7	8	12	10	8	8	11	14	14
Water and Wastewater	9	10	10	25	25	29	32	36	41	42
Total	443	455	455	479	487	507	524	593	735	769

Source: City of Rio Rancho Annual Budget

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

City of Rio Rancho, New Mexico

Schedule 18

Operating Indicators by Function/Program

Last Three Fiscal Years

Function/Program	Fiscal Year		
	2006	2007	2008
Police			
Total Violent Crimes	776	927	886
Total Property Crimes	1,399	1,775	1,961
Total Warnings & Citations	24,305	23,840	27,250
Total Arrests	3,008	3,337	3,620
Total Traffic Crashes	1,791	2,008	1,856
Total Incident Reports (A)	3,586	8,881	9,045
Total Calls for Service	39,165	36,271	49,842
Fire			
Total Structural Fires	25	29	46
Total Fire Inspections	999	901	1,049
Total Calls for Service	1,582	1,372	1,693
EMS			
Total EMS Patients (E)	4,345	5,141	
Total Patient Transports	3,056	3,407	4,129
Total Calls for Service	4,764	5,243	6,330
Animal Control			
Total Impounds	2,330	2,417	2,543
Total Claims	617	754	830
Total Adoptions	851	724	988
Total Euthanasia	674	732	663
Total Complaints	4,755	4,740	5,193
Code Enforcement			
Total Inspections	8,043	10,010	7,055
Total Citations	280	260	479
Public Works			
Total Utility Cuts (B)	390		
Total Potholes Repaired	971	423	1,385
Parks & Recreation C			
Total Program Participation-Youth	20,961	19,632	22,620
Total Program Participation-Adult	18,638	6,556	6,621
Total Program Participation-Aquatics	7,050	2,897	2,935



**City of Rio Rancho, New Mexico**  
**Operating Indicators by Function/Program**  
**Last Three Fiscal Years**

Schedule 18  
(Concl'd)

<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Library</u>			
Total Collection	146,626	154,258	166,857
New Items Added	23,233	17,288	23,501
Items Withdrawn	7,252	9,656	10,902
Collection Growth	15,981	7,632	12,599
<u>Circulation Stats: (D)</u>			
Adult Materials	164,723	347,258	209,333
Paperbacks	55,833		
Teen Materials	13,374		
Juvenile Materials	144,264	277,061	162,554
Audio-Visual Materials	35,533		
Holds	14,877	16,095	21,162
<u>Transit</u>			
Total Clients Registered	28,498	31,009	37,637
New Clients Registered	184	309	290
Total Fare Cards Sold	1,905	1,809	1,999
Total Trips in Rio Rancho	26,804	25,262	13,633
Total Trips to Albuquerque	6,212	6,115	2,983
<u>Purpose of Trips:</u>			
Medical	9,906	7,220	4,538
Personal Errands	3,307	5,645	2,830
Work	13,153	9,624	6,067
City Facilities	2,846	4,252	1,725
Education	4,004	4,636	1,456
Total Miles Traveled	133,672	142,273	127,576

**Sources:** Various City Departments

**Note:** The City chose to use the prospective method of reporting for this schedule as the data was not tracked prior to GASB 44 implementation.

(A) - The City did not start tracking incident reports for DPS until February 2006.

(B) - The City chose to contract out the utility cuts.

(C) - The Parks & Recreation Department chose a different method of calculating their program participation in 2007.

(D) - The library chose to report all media type circulations in either their Adult Materials or Juvenile Materials beginning in 2007.

(E) - EMS department chose to stop tracking the number of patients.

City of Rio Rancho, New Mexico  
Capital Asset Statistics by Function/Program  
Last Three Fiscal Years

Schedule 19

Function/Program	Fiscal Year		
	2006	2007	2008
<u>Police</u>			
Main Stations	1	1	1
Substations	4	4	4
Patrol Units	152	178	181
<u>Fire</u>			
Main Stations	2	5	6
Substations	4	1	1
Firetrucks	11	15	15
<u>EMS</u>			
Ambulances	7	8	9
<u>Animal Control</u>			
Patrol Units	7	7	7
<u>Other Public Works</u>			
Streets (miles)	831	831	837
Streetlights	1,156	2,544	2,604
Traffic signals	35	42	45
Sidewalks & Paths	121	121	123
<u>Parks &amp; Recreation</u>			
New/Renovated Park Facilities	2	3	2
Developed Parkland (acres)	242	285	304
Constructed Trailways (linear feet) (A)	53,873	57,516	64,380
<u>Transit</u>			
Mini buses	7	7	8
<u>Water</u>			
Water mains (miles)	385	388	395
Fire hydrants	24,950	25,822	25,866
Storage capacity (thousands of gallons) (B)	31	31	0
Average daily consumption (thousands of gallons) ©		10,409	11,745
<u>Wastewater</u>			
Sanitary sewers (miles)	335	337	343
Average daily treatment capacity (thousands of gallons) (D)	4,176	4,565	4,954

Sources: Various City Departments

Note: The City chose to use the prospective method of reporting for this schedule as the data was not tracked prior to GASB 44 implementation.

(A) Amended the linear feet of constructed trailways for fiscal year 2006 to correctly state the starting point.

(B) The City chose to no longer track the water storage capacity beginning in fiscal year 2008.

(C) The City chose to begin tracking the average daily water consumption beginning in fiscal year 2007.

(D) Amended the wastewater treatment capacity beginning with fiscal year 2006 to be an average daily treatment capacity in thousands of gallons.

**SINGLE AUDIT SECTION**

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HEINFELD, MEECH & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Council  
City of Rio Rancho, New Mexico

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund (General, Utilities and Multi-Purpose Event Center Funds), the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of the City of Rio Rancho, New Mexico (City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying Combining and Individual Fund Financial Statements and Schedules and the respective budgetary comparison information for all nonmajor governmental and enterprise funds as of and for the year ended June 30, 2008, and have issued our report thereon dated November 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Rio Rancho, New Mexico's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rio Rancho, New Mexico's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rio Rancho, New Mexico's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Rio Rancho, New Mexico's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Rio Rancho, New Mexico's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Rio Rancho, New Mexico's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under *Governmental Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2008-02, 2008-03, and 2008-04.

City of Rio Rancho, New Mexico's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City of Rio Rancho, New Mexico's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management, others within the City, the City Council, the Office of the State Auditor, the New Mexico Legislature, and applicable federal grantors and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

November 1, 2008



HEINFELD, MEECH & CO., P.C.  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members of the City Council  
City of Rio Rancho, New Mexico

Compliance

We have audited the compliance of City of Rio Rancho, New Mexico with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. City of Rio Rancho, New Mexico's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Rio Rancho, New Mexico's management. Our responsibility is to express an opinion on City of Rio Rancho, New Mexico's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Rio Rancho, New Mexico's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Rio Rancho, New Mexico's compliance with those requirements.

In our opinion, City of Rio Rancho, New Mexico complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items SA 2008-01 and SA 2008-02.

### Internal Control Over Compliance

The management of City of Rio Rancho, New Mexico is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Rio Rancho, New Mexico's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rio Rancho, New Mexico's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items SA 2008-01 and SA 2008-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

City of Rio Rancho, New Mexico's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City of Rio Rancho, New Mexico's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management, others within the City, the City Council, the Office of the State Auditor, the New Mexico Legislature, and applicable federal grantors and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

November 1, 2008



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**CITY OF RIO RANCHO, NEW MEXICO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

<b>Federal Grantor/Pass-Through Grantor/ Program Title</b>	<b>CFDA Number</b>	<b>Grantor or Pass-Through Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Homeland Security</u></b>			
Direct Program:			
Assistance to Firefighters Grant	97.044	EMW-2006-FF-04638	1,122,950
Passed through New Mexico Department of Public Safety:			
Disaster Grants - Public Assistance	97.036	FEMA-1659-DR-NM	1,167,215
Emergency Management Performance Grants	97.042	2007-EM-E7-0035	62,345
Citizen Corps	97.053	2005-GE-T5-0012-RRCC	2,286
Citizen Corps	97.053	2006-GE-T6-0064-CCP	11,597
<b>Total U.S. Department of Homeland Security</b>			<b>2,366,393</b>
<b><u>U.S. Department of Justice</u></b>			
Direct Program:			
Federal Surplus Property Transfer Program	16.578	N/A	98,757
Grants to Encourage Arrest Policies & Enforcement of Protection Orders	16.590	2006-WE-AX-0065	150,346
Bulletproof Vest Partnership Program	16.607	322023601	8,280
Gang Resistance Education and Training	16.737	2006-JV-FX-0136	53,391
Gang Resistance Education and Training	16.737	2007-JV-FX-0302	22,341
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-1227	24,235
Passed through New Mexico Department of Public Safety:			
Crime Victims Assistance	16.575	2006-VA-GX-0042	41,996
Edward Byrne Memorial Justice Assistance Grant	16.579	03-DCSI-NMGTTT	11,782
<b>Total U.S. Department of Justice</b>			<b>411,128</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Direct Program:			
Community Development Block Grant/Entitlement Grants	14.218	B-05-MC-35-004	58,042
Community Development Block Grant/Entitlement Grants	14.218	B-06-MC-35-004	61,913
Community Development Block Grant/Entitlement Grants	14.218	B-07-MC-35-004	141,608
<b>Total U.S. Department of Housing and Urban Development</b>			<b>261,563</b>
<b><u>U.S. Department of Transportation</u></b>			
Direct Program:			
Federal Transit Capital Investment Grants	20.500	NM-03-0050-01	88,976
Passed through New Mexico Department of Transportation:			
Highway Planning and Construction	20.205	TPU-4081(4)04	556,247
Highway Planning and Construction	20.205	TPZ-6154 (1)	22,375
Highway Planning and Construction	20.205	TPZ-7543 (3)	262,572
Highway Planning and Construction	20.205	SP-GA-ST-4007(1)	68
Highway Planning and Construction	20.205	TPU-4098(1)	235,000
Highway Planning and Construction	20.205	HPP-4007(1)03	254,494
Recreational Trails Program	20.219	07-521-0551000000-0247	69,461
State and Community Highway Safety	20.600	08-PT-06-P03	110,681
State and Community Highway Safety	20.600	08-OP-CT-081	4,908
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	07-AL-K8-081	23,658
Occupant Protection	20.602	07-RF-01-081	2,035
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	08-AL-64-P23	267,682
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	08-HE-64-P13E	6,217
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	08-AL-64-081	42,471
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	07-AL-64-P23	95,880
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	07-PT-406-P03	44,541
Safety Belt Performance Grants	20.609	07-PT-DS-081	18,678
<b>Total U.S. Department of Transportation</b>			<b>2,105,944</b>
<b><u>U.S. Department of Defense</u></b>			
Passed through U.S. Army Engineer, Albuquerque District:			
Arsenic Treatment	12.Unknown	SPA06-004	1,481,290
<b>Total U.S. Department of Defense</b>			<b>1,481,290</b>
<b>Total expenditures for federal awards</b>			<b>\$ 6,626,318</b>

**CITY OF RIO RANCHO, NEW MEXICO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2008**

**NOTE 1 - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Rio Rancho, New Mexico and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS**

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2008 *Catalog of Federal Domestic Assistance*.

**NOTE 3 – NON-CASH ASSISTANCE, LOANS, AND LOAN GUARANTEES**

In accordance with OMB Circular A-133, the City had no non-cash assistance, loans, and loan agreements outstanding at year-end.

**CITY OF RIO RANCHO, NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?       yes   X  no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?   X  yes       none reported

Noncompliance material to financial statements noted?

      yes   X  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?       yes   X  no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?   X  yes       none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

  X  yes       no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated
12.Unknown	Arsenic Treatment
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

  X  yes       no

**CITY OF RIO RANCHO, NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2008-01     Year-end Cutoff**

CONDITION

We noted two year-end expenditures of a total dollar value of \$125,612 where payment for goods and services were charged to fiscal year 2007-08; however, the goods and services were received or performed subsequent to June 30, 2008. Additionally, we also noted one other expenditure for \$4,848 that was related to fiscal year 2007-08 but was recorded in fiscal year 2008-09.

CRITERIA

According to generally accepted accounting principles, the City must record expenditures in the year that goods or services were received.

EFFECT

The City is at risk of misstatements to the financial statements.

CAUSE

The City did not sufficiently monitor year-end activity to determine proper fiscal year recognition.

RECOMMENDATION

The City should exercise greater care to ensure that year-end activity is recognized in the proper fiscal year.

AGENCY RESPONSE

To ensure no reoccurrences of this finding, the financial services staff will monitor each transaction that occurs after July 1 relating to goods or services and charge each item to the correct fiscal year.

**CITY OF RIO RANCHO, NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2008-02     Unbudgeted Transfer**

CONDITION

The City completed a transfer in the amount of \$7,500 from the General Fund to the Recreation Activities and Vending Fund that was not budgeted for in fiscal year 2008.

CRITERIA

City policy and Section 6-6-6 NMSA 1978 require all operating transfers to be properly budgeted.

EFFECT

The City is not in compliance with City policy and Section 6-6-6 NMSA 1978.

CAUSE

The transfer was budgeted to occur during fiscal year 2009; however due to insufficient monitoring, the transfer was made prior to fiscal year end 2008.

RECOMMENDATION

The City should ensure budget capacity exists, or amend the budget, prior to the initiation of similar transactions.

AGENCY RESPONSE

The City concurs, and is correcting the fiscal year 2009 budget to reflect the transfer.

**CITY OF RIO RANCHO, NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2008-03 Developer Contributions**

CONDITION

Various instances were noted where incomplete records were retained to support the value assigned to capital contributed by developers. Additionally, multiple input and calculation errors were discovered upon review of valuation worksheets.

CRITERIA

Internal controls for capital assets should require developer contributions recorded in the City's system to be properly valued and supported.

EFFECT

The City is at risk of misstating the capital assets reported in the financial statements.

CAUSE

The City does not have a clear and comprehensive set of procedures in place that would aid in the identification and accurate recognition and valuation of developer capital contributions.

RECOMMENDATION

The City should improve communication between departments and implement specific written procedures for the recording of developer capital contributions.

AGENCY RESPONSE

The City will develop policies and procedures to improve communication between departments and the process of recording all capital contributions. Also, all supporting documentation relating to the value will be supplied to the Financial Services Department for implementing additional oversight.

**CITY OF RIO RANCHO, NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2008-04 Payroll Process**

CONDITION

The payroll technician performs a significant amount of payroll processing and input with limited review during the initial phases of payroll processing. The lack of monitoring resulted in overpayments of Workers' Compensation premiums of \$934,268.25 during fiscal year 2007-08. Although this error was subsequently identified and corrected through subsequent review, the current control structure does not provide for the identification of errors in a timely manner.

CRITERIA

The City is responsible for developing internal controls for the payroll process which are adequate to prevent or detect the occurrence of input and processing errors.

EFFECT

Input and processing errors could occur without detection increasing the risk of incorrect wage and benefit payments.

CAUSE

Due to insufficient staff in the payroll department and the current review procedures are inadequate to support proper internal controls.

RECOMMENDATION

The City should assess the current payroll review procedures and consider implementing additional oversight and staffing.

AGENCY RESPONSE

The City is in the process of centralizing the payroll functions within the Financial Services Department. With this transition, the City will establish policies and procedures to ensure proper internal controls and adequate oversight and staffing needs.





**CITY OF RIO RANCHO, NEW MEXICO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**SA 2008-02 Performance Report Submissions for Federal Grants**

Program Name: Assistance to Firefighters Grant  
Grantor Number: EMW-2006-FF-04638  
Funding Agency: U.S. Department of Homeland Security

Questioned Costs: None identified  
CFDA Number: 97.044

CONDITION

In two separate instances the City failed to submit required performance reports within 30 days of the end of a quarter.

CRITERIA

Hiring performance reports are required to be submitted to FEMA within 30 days of the end of each quarter as outlined in Article VIII-Performance Reports of the grant agreement.

EFFECT

The City is not in compliance with Article VIII of the Assistance to Firefighters grant agreement.

CAUSE

Due to insufficient monitoring of grant reporting requirements, the City did not file the performance reports within the specified timeframe.

RECOMMENDATION

The City should ensure that performance reports are completed and submitted in accordance with the terms specified in the grant agreements.

AGENCY RESPONSE

The City recognizes that performance reports have not always been submitted within the specified timeframe. Steps have been taken to insure timely reporting in the future.

**CITY OF RIO RANCHO, NEW MEXICO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2008**

**Status of Federal Award Findings and Questioned Costs**

Finding No. 2007-01  
Status: Corrected.

Finding No. 2007-02  
Status: Corrected.

Finding No. 2007-03  
Status: Corrected.

Finding No. 2007-04  
Status: Corrected.

Finding No. 2007-05  
Status: Corrected.

**CITY OF RIO RANCHO, NEW MEXICO  
EXIT CONFERENCE  
YEAR ENDED JUNE 30, 2008**

An exit conference was held at a closed meeting on November 25, 2008, to discuss the preceding findings. Attending were the following persons.

For the City of Rio Rancho:

Thomas E. Swisstack, Mayor  
Michael J. Williams, Councilor, District 1  
James Jimenez, City Manager  
Laura Fitzpatrick, Assistant City Manager  
Judy Dolley, Deputy Finance Director  
Marta Ortiz, Accounting Division Manager

For the Independent Auditor:

Corey Arvizu, Partner